DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO January 3, 1938.

The President's address on the state of the Union was awaited with great interest by all traders in both Wall Street stocks and in the grain exchanges. The impression of same was more favorable than expected, because it had been preceded by various strong radio speeches by those supposed to be close to the administration, denouncing monopolies. Others used much stronger language, and attributed the recession to same.

According to Webster's definition of "monopoly", we certainly have very few in this country. The definition contains a repetition of the word "exclusive". For instance, "exclusive possession of trade in some article or exercise of some business"; "exclusive right, privilege or power of selling or purchasing a given commodity or service"; "exclusive control of the supply of any commodity or service"; "exclusive control of traffic, etc." There is certainly plenty of competition in the automobile business, the steel business, the oil business, the lumber and railroad business, and in virtually every large industry. There may be various agreements in some lines as to the price, but this is something which was rather encouraged by the NRA. It is strange also that this is a problem which confronts hardly any other country, as most of these agreements are considered advantagous by European administrations, and much more preferable to ruinous competition.

In England the big banking business is operated almost exclusively by eight large banks. In this country, before the many failures after 1929, we had about 25,000 banks, which may now have been reduced to 15,000 or more. In Canada the banking business is done by a few large banks, and yet nobody seems to suffer, In Europe they have all kinds of combinations in the steel business, being not confined to the internal business in their countries, but agreements are made as to the export quota among England, Belgium, Germany, France, etc., and this seems to be working very well. The bigness of business must also be of great advantage as it enables mass production, thereby cheapening the article, increasing consumption, and making many people happier. For example, the bigness of the automobile business enables this country to be the largest exporter; and possibly the much cheaper article produced here is a contributing factor to the demand in this country. We now have 24 million passenger cars, or virtually one to every family compared to 1 1/2 million passengers cars in England, or one to every six families. We actually have sixteen times as many passenger cars in this country as in England.

The great problem we face, and the only real one, is the unemployment situation. How much will we help to solve this problem, or how much will we hurt it by a reduction in grain acreages? It might hurt us in two ways: first, less labor will be employed when less grain acreages are under cultivation; then it enhances the price of necessities, thus compelling city consumers to pay more for their needs, thus enabling them to buy less of other commodities, and with a lesser demand for such articles it will create more unemployment.

In this connection it is also strange that other countries do not seem to have the same ideas as we have about raising less. We raise approximately 6 to 7 bushels of wheat per capita; Argentine raises about 20 bushels per capita; Canada about 34 bushels per capita, and yet they go right on, and the farmer must be satisfied, otherwise he would not continue producing it.

As far as corn is concerned, there was a time when one acre out of seven was needed for export of hog products. This stopped when our price rose too high. Should we regain the foreign market for provisions we probably would have to increase our corn acreage, instead of decreasing it. Most countries would consider themselves very fortunate if they had suitable soil to produce tobacco. We have it, but at the same time contemplate reducing the acreage.

(O V E R)

Liverpool wheat cables closed unchanged to 1/4¢ higher. This is not very encouraging, and considering the small world shipments, should have brought about a very firm market abroad. They amounted to only 8,405,000 bu compared with 10,605,000 bu last year. Total exports of wheat and flour during the first six months of the crop year were about 17 million bu less than last season. In the meantime, however, the amount on passage has been reduced about 4 1/2 million bu, showing absolutely no anxiety on part of foreigners to replenish their stocks.

This is all the more surprising as according to Sanford Evans, from December 24, 1937 to July 31, 1938, or for a little over seven months, Canada will have about 33,666,000 bu to spare; Argentine 63,366,000 bu; Australia 84,414,000 bu, or a total for these three countries of 181,446,000 bu, approximately 5,850,000 bu weekly. This after making allowances for reasonable carryovers on August 1st, particularly South America, which cannot possibly ship all of their wheat up to that time and must have some left over for the remaining five months. As the weekly import requirements are about 9,540,000 bu, of which Russia, the Danubian provinces and sundry countries can furnish only a very small quota, it is quite evident that the United States will likely be called upon for 2 1/2 million bu or more a week.

It was reported that a little export business was done from here today, the first probably in about a week, but we have not yet given up hope that the volume of our wheat exports will be in substantial quantities from now on and will have to extend at least until August 1, by which time Canada will gradually be able to ship more wheat, provided she raises a crop. Of course, we have it to spare, assuming that our farmers, who still have large holdings, will sell more liberally than they are doing at the moment.

Primary receipts of wheat today were only 553,000 bu, which is an extremely small quantity, considering that Saturday was a holiday, and compares with 899,000 bu a week ago. However, there might be a radical change in this situation, particularly if weather should be favorable for the development of the new crop. There was again no moisture during the last few days in the Southwest, and, therefore, it is evident that the weather from now on will play an important part in creating the price structure. Should crop prospects be normal or about normal, with the large acreage, there would be no inducement for the farmer to hold his wheat back, and particularly before the tax period we might have very large receipts again.

The visible supply shows a large decrease but is still about 29 million bu larger than last season. Corn receipts were quite large and with an absence of any important export business, it was lower.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO January 4, 1938.

The President, in his message to the Congress yesterday, states that in his judgment the expenditure of the national government can not be cut much below seven billion dollars a year without destroying essential functions, or letting people starve. The actual expenditure for the fiscal year 1936 was $8,879,000,000; for the year 1937, $8,105,000,000. According to the official government figures, the total farm income for the year 1932 was $4,328,000,000. For the year 1937 it was $8,120,000,000, without government cash payments, and including same it was $8,500,000,000. It is, therefore apparent that it takes about the gross farm income to pay our government expenditures. This means the proceeds for all corn, wheat, cotton, oats, barley, rye, flaxseed, rice, hay, seeds, beans potatoes, tomatoes, foods of all kinds, and all of the livestock, including practically every animal one can think of, --or 78 articles-- are needed for necessary expenditures.

If we consider that about an equal amount of money will have to be raised for state municipalities, cities, etc., it is quite evident on the same basis of figuring, that a great deal of the wealth taken out of the earth in the way of minerals, coal, etc. also goes for public expense. This makes it all the more necessary that industry must be more alive than ever to create and produce new wealth.

In face of these stupendous figures it seems that too much attention is being paid to wheat prices as affecting the general prosperity of the country. Assuming that the value of the total wheat crop in an average year is 700 million dollars to the farmer, (and this we consider a high figure) it represents only about one-tenth part of all the government expenses, and whether the price is 10¢ per bu higher or lower would represent only one-hundredth part of what the Administration spends.

Foreigners were very much impressed with the more conciliatory tone of the President's speech and it encouraged immediately the purchase of Wall Street stocks, as well as of grain. However, the fact which we pointed out so many times: that outside of Australia and the United States there is hardly an exporting country left which has much wheat to spare, was probably the dominant factor. Liverpool futures advanced from 4 to 4 1/4¢ per bu compared with yesterday, and a large business was consummated in United States wheat. During the next twenty-six weeks we shall probably be called upon for shipments of 50 to 60 million bu, and while we have this much wheat to spare and plenty more, it relieves the surplus situation for the present until farmers become freer sellers.

Primary receipts of wheat were again exceedingly light, only 278,000 bu; this was less than the shipments which were 314,000 bu, and compares with 195,000 bu received a year ago.

While we did not follow the full advance from abroad it created a very firm undertone, and at the close the market showed an advance of 3 1/8¢ per bu compared with yesterday.

Corn demand seemed to be even more urgent than wheat and all kinds of estimates were made as to the size of the business which was transacted --it may have reached as high a figure as 2 million bu. There were good rains in the corn areas of the Argentine and more precipitation is predicted, which will improve their crop prospects. However, the old corn in the Argentine is and will remain scarce, so we have good prospects for a big business for export from here for that cereal for many more months to come. Just as in wheat-- after many years of struggle we have succeeded again in becoming an important factor in supplying foreign needs with many of our cereals. There is plenty of room for increased per-capita consumption abroad, and should there be general prosperity we have not the least doubt that even if much larger crops will be raised in other seasons to follow that they will be absorbed at reasonable prices.

UHLMANN GRAIN CO.

LEHMANN GRAIN COMPANY

TELEPHONE HARRISON 4888

141 W JACKSON BLVD

CHICAGO January 4, 1928.

The President, in his message to the Congress yesterday, states that in his judgment the expenditure of the national government can not be much below seven billion dollars a year without destroying essential functions, or lowering morale. The actual expenditure for the fiscal year 1926 was $3,873,000,000; for the year 1927, $3,100,000,000. According to the official government figures, the total farm income for the year 1926 was $4,388,000,000. For the year 1927 it was $3,120,000,000, without apportionment each purchase and including farm it was $6,000,000,000. It is, therefore, apparent that it takes about the gross farm income to pay our government expenditures. This means the proceeds for all corn, wheat, cotton, oats, rye, flaxseed, rice, hay, beans, potatoes, tobacco, fruits of all kinds, and all of the livestock, including practically every animal and fowl on the farm, -- or 38 articles are needed for necessary expenditures.

If we consider that about an equal amount of money will have to be raised for state municipalities, utilities, etc., it is quite evident on the same basis of figuring, that a great deal of the wealth taken out of the earth in the way of minerals, coal, etc. also goes for public expense. This means is all the more necessary that industry must be more alive than ever to create and produce new wealth.

In face of these astonishing figures it seems that too much attention is being paid to what prices are reflecting the general prosperity of the country. Assuming that the value of the total wheat crop in an average year is 700 million dollars to the farmer, (and this we consider a high figure) it represents only about one-tenth part of all the government expenses, and whether the price is 10¢ per bu. higher or lower would represent only one-hundredth part of what the Administration spends.

Foreign news very much interested with the more conciliatory tone of the President's speech and it encouraged immediately the purchase of Wall Street stocks, as well as of grain. However, the fact which we pointed out so many times: that outside of Australia and the United States there is hardly an exporting country left which has much wheat to spare, was probably the dominant factor. Liverpool futures advanced from 4 to 4 1/4d per bu compared with yesterday, and a large business was consummated in United States wheat. During the next twenty-six weeks we shall probably be called upon for shipments of 25 to 30 million bu, and unless we have this much wheat to spare our country more, it relieves the surplus situation for the present until farmers begin their activity.

Visiting receipts of about were again exceedingly light, only 494,000 bu; this was less than the anticipated which were 511,000 bu, and compared with 1,395,000 bu received a year ago.

While we did not follow the full advance from abroad it created a very firm undertone, and at the close the market showed an advance of 3 1/4¢ net on compared with yesterday.

Corn followed wheat to be even more strong than wheat and all kinds of speculation were made as to the size of the business which was transacted. It may have reached as much a figure as 2 million bu. There were good rains in the corn areas of the Argentine and more precipitation is predicted, which will improve their crop prospects. However, the old corn in the Argentine is and will remain scarce, so we have good prospects for a big business for export from here for that period for many more months to come. Just as in wheat, after many years of struggle we have succeeded again in becoming an important factor in supplying foreign needs with many of our surplus. There is plenty of corn for increased pre-war consumption abroad, and should there be general prosperity we have not the least doubt that even if much larger crops will be raised in other parts to follow that they will be absorbed at reasonable prices.

LEHMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO January 5, 1938.

Liverpool cables opened quite strong, receded somewhat during the session, but finally gained for the day from 1 3/8 to 1 5/8¢ per bu. The weaker tone during mid-session was caused by Australian shippers continuing to hedge wheat in the Liverpool market, and it is believed that the immediate millers' demand is amply satisfied following yesterday's purchases of American dark hard wheat. The strength at the close was due to estimated Argentine shipments amounting to only 808,000 bu compared with 3,926,000 bu last year. This may be due to a small extent to the fact that there was one less day for clearances in the Argentine this week, on account of a holiday. In this connection, it is remarkable how influential the trend of prices will be due to Australia. This, of course, is somewhat exceptional because it would not be the case had Canada or Argentina raised their normal crops, but as it is, Australia with a population of approximately 7,000,000 people, probably will be the largest wheat exporter during the next six months. Their crop is estimated at 175 million bu, and as the home consumption, including seed, is 55,000,000 bu, the total surplus available for shipment abroad will be 120,000,000 bu, or approximately 17 bu per capita. We, in this country, would be very fortunate could we export one bushel per capita. Last year, during the four weeks from January 1st to and including January 28th, Australia exported 11,012,000 bu, but we are under the impression that this year on account of a larger crop they will ship more. On the contrary, however, Argentina, which cleared during the same four weeks, 24,880,000 bu, or over six million bu a week, will ship considerably less. The two countries of the Southern Hemisphere together had been able to ship during January almost 9 million bu of wheat weekly, which under no circumstances can be equaled this season. Possibly Europe may be able to get along with smaller quantities than in 1937, and probably will, but nevertheless, there will be a deficiency which will have to be made up. During this same period, Canada last year was a big exporter and they will furnish but very little, so the chief burden will be on the United States, and, therefore, we have in mind right along that we shall occupy a very important position in the export business from now on. At the present time, any demand from abroad influences our market very quickly because the primary receipts are extremely small indicating an indisposition on the part of the farmers to sell their holdings. Today's receipts amounted to 222,000 bu, while shipments were 594,000 bu. Such big markets as Minneapolis received only 34 cars, Chicago 3, St. Louis 3, Omaha 10, and Kansas City 40 cars; all so small that after the local millers are supplied, there will hardly be any wheat left for the shipping trade to buy. Were this to continue we could easily picture a very bullish situation, but on the other hand, we have to bear in mind that we see no reason as yet to assume that the government has overestimated the crop, and if it has not, the amount of wheat still back on the farms will be a continued threat to advancing prices. Some time or other this wheat is bound to come out, unless later the crop outlook should be disappointing. The farmers in the Southwest may feel at present that there is insufficient moisture, both subsoil and on top, but the plant at this time of the season is dormant and not in need of much precipitation; therefore, good spring rains would change the situation materially. It is our conclusion that the weather this season, more than usual, will finally affect the trend of wheat values.

Today for the first time we traded in September wheat, and same is quoted at practically a discount of about 1¢ per bu under the July. Considering that July wheat is already selling at 6¢ per bu under May it reflects the general feeling that there might be a relative scarcity from the old crop and a much greater abundance of comparative supplies later on. There is, of course, no assurance that this will be the case. The export business would have to develop into larger proportions to prevent very large supplies next May, and in fact a good carryover in July. However, if we visualize now what might happen in July, we anticipate that by that time Canada, Australia, Argentine, Russia, or the Danubian provinces will not have

(O V E R)

much wheat left and that the United States ought to have an excellent demand for the early movement of new wheat. Therefore, we still prefer to own July or September wheat at a big discount rather than the May.

At the close our May wheat was 1/8¢ per bu lower than the previous session.

A further large export business was reported in corn, but the movement now is of quite substantial proportions. Primary receipts were 1,153,000 bu versus only 282,000 bu in 1937. While we expect that the export business will continue for some time yet, we believe that it will not prevent further additions to our stocks; and we also see no reason for September corn selling at a discount as it now does under both the May and July futures. We rather think that later on there will be carrying charges right through.

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CHICAGO MERCANTILE EX.

CHICAGO January 6, 1938.

The great strength in our wheat market, which began a few days ago, continued, although Liverpool wheat cables were somewhat lower, futures declining 3/4 to 1 1/4¢ per bu compared with yesterday. Looking backward to what has happened since the turn of the year, it is evident that the rise in prices started when Liverpool futures advanced in one day over 4¢ a bu, and that market remained very strong until today. The decline today was partly in sympathy with our recession yesterday after they had closed, and also due to larger unexpected shipments from Russia. Further export business today from the United States makes it quite evident that supplies from other exporting countries are not coming forth very freely at the present time.

As we have pointed out many times before, the world situation is more closely adjusted than for many years, except that the United States is supposed to have a very large surplus above home requirements, but for one reason or another at the moment it doesn't seem to be forthcoming. To a lesser degree this is true in the Argentine where clearances for the week were only 1,048,000 bu compared with 3,926,000 bu last year, and even Australia, which is supposed to have raised a much larger crop than in 1936, is not offering very freely. As far as the Southern Hemisphere is concerned, we are inclined to believe that this situation will change very radically from now on. Argentina is supposed to have an exportable surplus of about 91 million bu versus 145 millionlast year, or 54 million bu less, but Australia could easily ship 15 million bu more, so there might be a deficiency of 40 million bu. in these countries. This, of course, will be felt more or less right along, but nevertheless there are still sizable quantities to come forward and this is the period when shipments from the Southern Hemisphere usually appear in larger volume.

The visible supply in Australia increased again this past week 11 million bu and now totals 82 million bu against 44,500,000 bu on this day last season. As a rule about 42 per cent of their exports take place the first three months of the year, so from now on we expect more pressure and after this advance it might be advisable to wait to see the full effect of larger offerings on the Liverpool market, as it will not be easy for us to advance our prices more unless we are supported from there.

So far actual exports of wheat from the United States have been rather disappointing, amounting to 35 million bu for the six months from July 1st to December 31. We could easily spare twice that amount, or 70 million bu for the next six months and still have about 100 million bu more wheat left in this country than we had last year on July 1, when the new crop starts coming on the market in larger volume. This would permit weekly exports from the United States of about 2 1/2 million bu, but even should they be more, we can not conceive that our exports should be so large that our carryover could be prevented from increasing very considerably over what it was on July 1, 1937; therefore, no extremely high prices seem to be justified unless new crop conditions later on should be so poor that they would be the determining factor. In the latter case, however, it would be July and September wheat which would profit the most as they are so much cheaper, and of course, all carrying charges from May to July and September would be saved.

There was some export business today but in smaller volume. In the meantime, primary receipts continue to be extremely light, being 242,000 bu compared with shipments of 576,000 bu, and while this lasts there certainly could be no pressure from this side.

(O V E R)

The chief incentive for making new purchases came from the East where it seems more confidence prevails and larger buying orders had to be executed. To say the least, the President's message was a reminder that inflation in the future is still a possibility, although no great fears that it is bound to come soon exist at the present time. However, deficits, up to and including the ninth year, increasing debts, possible larger expenditures than are contemplated at the present time, are a step in this direction. With the gold production also still very large and much in excess of requirements for monetary purposes, we may have to borrow more money for purchases of the yellow metal in the future. During the past six months England increased her stock and France repatriated some of the gold which was ordered here. These two countries alone can not possibly absorb the excessive amount which is produced above requirements and sooner or later we shall have to be buyers again of this precious metal with borrowed money.

The market continued to gain strength as the session advanced and the close showed a gain for the day of 2 7/8¢ per bu. The receipts of corn continue to be in large volume. Today they were 1,667,000 bu, or three times as large as last year when they were 552,000 bu. This prevented this cereal from sympathizing much with wheat. However, the export demand continues right along, but it does not prevent accumulations of stocks and we believe that gradually Chicago will have a very fair-sized quantity in store here. There was a gain last week of over 500,000 bu and we expect further additions this week, so we can see no reason why May corn should keep its premium over July; in fact, we look for a carrying charge when the time comes.

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CHICAGO MERCANTILE EX.

CHICAGO January 7, 1938.

As near as we can judge so far, the undeclared eastern war between Japan and China has, contrary to general expectations, not increased the demand for wheat and flour for importation, but has possibly decreased it some. This, of course, is due to greater difficulties in shipping, and also to the untold miseries which exist and decrease the buying power. From August 1st to December 31st, or in five months, ex-European nations purchased only 38 million bu of wheat and flour compared with 55 million bu in 1936, or almost 17 million bu less. However, part of this can be accounted for by the fact that last year the United States was an importer for moderate quantities.

It is evident, however, that for the remainder of the crop year we have to depend very largely upon European demand and consumption for our large orders. Same since August 1st was for 168 million bu, or 33 1/2 million bu per month, which was also somewhat less than last season, but this was mostly due to larger crops. From this picture of past performance, we may conclude that the total actual demand will not be an extraordinary one but what will be different from the past three or four seasons is the fact that Canada has hardly any wheat left for shipment and she used to be very important right through for almost ten years or more. Argentine will have fair supplies but not at all burdensome. Australia has a big crop; other countries will be small contributors and the United States, next to Australia, will be the most important. In this connection, it is interesting how big United States exports were during the months of October and November, and probably will be equaled for December, but accurate official figures are not yet out. We made the following exports of wheat and flour: July, 3,332,000 bu; August, 7,155,000 bu; September, 4,625,000 bu; October, 9,237,000 bu; November, 8,515,000 bu. This includes small amounts of Canadian wheat ground into flour and exported from United States ports, but the total amount is not of any great importance.

Furthermore with the large export business which has been done lately, undoubtedly a great many oversea sales have been made but have not yet been filled. We, therefore, look for quite impressive clearance figures from now on; but the total for the year is not likely to be of such proportions as to change our oft expressed view that the carryover at the first of July will be a very large one. We raised approximately 210 million bu above home consumption, and there is nothing in sight to indicate that more than one-half of this amount, if as much, will finally be exported.

Should this be the case, it is quite evident that July and September wheat might be more attractive for investment than the May, particularly as the soil condition in the Southwest, where we have the largest acreage of winter wheat, is not at all favorable. The Kansas Weekly Weather Bulletin reports that during the past week there was no snowfall, and light rains that generally totalled less than a tenth of an inch fell over most of the eastern third and some south central counties. In other sections there was no fall of moisture and the ground was becoming very dry. There was little in last week's weather picture to encourage wheat growers in the dry sections of the state. Wheat is greatly in need of soil moisture in the Southwest. Most of the other sections of the state are in need of precipitation, but present moisture requirements of wheat are small. Heavy spring rains are imperative if the wheat crop overmuch of the state is to come through to harvest in good condition. Great changes, of course might occur, but if there is no material precipitation during this or next month, we believe we shall have our usual crop scares, and heavier purchases of the deferred futures.

Reports about wheat export business today were very contradictory, and some large figures were given out at one time, but our own correspondents in New York, whom we consider very reliable, believe that the bulk of the North American wheat exports was done by Canada, mostly in the far deferred shipments, based on the much lower price

(O V E R)

for October wheat at Winnipeg, which is selling at about 22¢ per bu discount under the July.

Liverpool cables closed 5/8 to 1 5/8¢ per bu higher, the latter on the July, which is gaining on the May, indicating a belief that supplies later on will be more liberal. This is due to the very heavy offerings now from Australia --at least 2 million bu are supposed to have been sold overnight. Some put the figure even higher. Considering that the Australian crop is now estimated tobe 20 million bu larger than a year ago, and that so far very little new wheat has been shipped (this week's clearances amounting to 802,000 bu versus 1,990,000 bu in 1937), we presume that by way of comparison the showing upward from now on will be quite radical, and that heavier exports from Australia will put a damper on further advances in prices at Liverpool.

There is also a possibility that receipts in our Southwest will increase from now on; total primaries today were 395,000 bu against only 200,000 last year. Stocks at Kansas City continue to decrease --789,000 bu today; but last year we also had a decrease in the visible supply for this week ending Saturday of 2,409,000 bu, and it may not exceed that amount much this coming week.

In spite of heavy purchases yesterday the open interest decreased 220,000 bu, and the almost steady decreases we have had of late indicate to us that previous longs are eager on any advance to liquidate their position. Therefore, unless new buyers enter the market it may not be easy to boost prices from this level.

At the close our market was unchanged for the day.

The corn demand continues to be excellent, and a big export business was consummated again overnight. Considering the great strength and the small supplies which are still left in the Argentine, this we think will continue and make it most unlikely that we shall ever have low prices on this crop despite the large amount we raised. There is also bound to be an increased consumption in this country. However, we believe that Chicago stocks will continue to grow owing to the much heavier receipts, also that the narrowing between May and July which has taken place lately will continue, and that finally May corn will sell at a discount under the July, and the July under the September future. Primary receipts today were almost three times as large as in 1937, being 1,840,000 bu versus 631,000 bu a year ago.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO January 8, 1938.

With an estimated crop this year of 873 million bu, and a consumption of 680 million, there would be an excess of 193 million bu, of which 35 million bu have been exported so far, leaving 158 million bu more wheat at the end of the season, June 30th, except what we shall export in the meantime. We could clear 10 million bu a month and at the end of the season would still have about 100 million bu more on July 1st than a year ago. Somehow or other it is not easy to locate the additional amount which we are supposed to have at the present time, although these statistics always worked out satisfactorily in the past. It is not to be assumed that the government has made any great mistakes in sizing up the quantity of wheat which was raised, nor do we believe that the consumption figures are very different from those given above, yet we find great difficulty in locating where the wheat is, which is supposed to be still in this country.

The visible supply is about 30 million bu larger than in 1937. The Pacific Northwest may easily have 20 million bu more, but this would still leave some 100 million bu for which to account taking into consideration what we imported last year. Undoubtedly the spring wheat territory, where the crop was much larger, has considerably more wheat left, and the balance must be either in the soft wheat territory or in the Southwest. Possibly the mills and country elevators have a great deal more. Storage capacity in interior elevators has gradually increased to such an extent that more is accumulated in the interior than in previous years. Should these surmises be correct, we may look for an increased movement from now on. The farmer has reduced his debts considerably and was rather independent, particularly as long as prices were unsatisfactory. He has sold a great deal of his poor wheat, particularly in the Southwest, so that at the present time the arrivals are of extremely high quality and also high protein. Such wheat is bringing very good premiums, so considering the advance in future values, plus the premiums, the returns to him are very good and should be quite an incentive to reduce present holdings.

As a matter of fact receipts are picking up some, although they are still very light, but it must not be forgotten that a smaller percentage of the wheat is going to terminal markets, as a great deal is being shipped direct from Oklahoma and Kansas points to gulf ports which does not show up in the primaries. Receipts today were 351,000 bu compared with 198,000 bu last year same period.

We did not hear of any export business today in United States, but speculative transactions continue to take place in Winnipeg wheat for October shipment. This, of course, necessitates as a hedge the buying of Winnipeg October wheat futures, which consequently firms up that market. As a matter of fact the great strength today was derived from the Winnipeg market which is a very narrow one, and with the small stocks there it is very easily influenced. The same is true in Liverpool, which is much influenced by Canadian fluctuations, except there is a great offsetting item there in the way of very heavy hedging sales for Australian wheat which is deliverable on contract.

The outlook is for very small world shipments on Monday, which may give us higher Liverpool cables. This is partly due to small Australian clearances, but we presume this will be the last week when their shipments will be at this low level, and from now on they ought to be very heavy.

There is a continued large decrease in Kansas City stocks due to heavy shipments to Gulf ports, amounting this week to 1,104,000 bu, which indicates a good-sized decrease again on Monday in the visible supply.

At the close the market showed an advance of 1 1/2¢ per bu for the May delivery compared with yesterday.

Export business in corn was lighter today. Very heavy rains were reported in the largest part of the corn belt of Argentina, which ought to be a bearish feature, because as soon as their corn comes on the market, provided they raise a good crop, our export business is likely to stop, or at least drop off very materially.

(O V E R)

Our primary receipts of corn are very large --2,339,000 bu today versus 619,000 bu a year ago. We believe there will be a large accumulation in the visible supply on Monday, particularly in Chicago. This has already caused a narrowing between May and July, which futures sold during the session at about even money; we believe that finally May corn will sell at a good discount under the July. Considering the rains in the Southern Hemisphere together with the sharp advance we have had in corn it might be time to stop and think whether present prices, in view of our large crop, are not high enough.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO January 10, 1938

Very frequently in the past this day, January 10th, was picked as an advantageous period to sell wheat, and experience has shown that in many years, although, of course, not every season, prices declined after this time. We fully appreciate that in a world article such as wheat it is difficult at any time to predict the trend, but to go still further and pick the month, the week, or the day on which it should advance or decline seems more hazardous. Nevertheless, there is a sound reasoning why very often a downward change after January 10th takes place inthe world's wheat price: namely, the fact that clearances from the Southern Hemisphere start in large volume as a general rule from this time on. For instance, last season Argentina had its first big clearances on January 14th, with 5,740,000 bu, the following week they rose to 7,724,000 bu, and they reached their maximum on March 4th, with 9,108,000 bu. During the period starting January 7th to April 8th, or in about three months, that country exported about 97 million bu of wheat and flour. The same happened in clearances from Australia, but on a smaller scale. The pressure, therefore, from these two continents as a rule is very great during the next three months starting now.

This season the volume of shipments will not be as large as during the previous one, but they should be quite considerable. Wheat crops in Argentina have improved, and it is very likely that over 190 million bu will be raised. This will leave a reasonable surplus, although the total cannot possibly be as much as the quantity which was shipped in 1937 during the following three months. Australia, however, has been favored with a bountiful crop; in our opinion easily 20 million bu more than in 1937, and daily now we hear of sales to England exerting an influence on their futures at present.

English millers have been holding off replenishing their supplies figuring and hoping that they could buy wheat at lower prices from the Argentine, but expectations so far have not been realized. The Australian wheat cannot be used exclusively for flour making except by mixing it with other varities. The kind which is really needed is that grown in Canada, Argentina, and in this country, particularly in the Southwest: namely, the hard varieties. Canada is now almost excluded as a factor, and the amount of wheat which will have to be supplied from this country will depend upon the mood of the Argentine shippers whether they will soon sell freely or not. Up to the present time Brazil and local millers have been able to absorb to a fair extent the Argentine arrivals, but with the crop variously estimated at 190 million bu or more some of this surplus must soon be available for Europe.

World shipments were extremely light --at 8 million bu versus 10,500,000 bu in 1937, and the total amount of wheat put afloat so far since July 1st, 1937, is about 19 million bu less than the year before. However, this is partly at the expense of reduced stocks abroad. The amount on passage is only 31 million bu against 37,560,000 bu similar week last year. It is not likely that this will be reduced any further, and it will be necessary for European buyers to purchase at least as much as goes into consumption weekly.

There was no export demand that we could hear of today for United States wheat; while our farmers also seem to be very independent, we must not lose sight of the fact that according to all statistics there is plenty to come forward between now and the new crop, and moderate quantities for export could easily be supplied without much trouble.

Primary receipts of wheat show some improvement, but they still must be considered light -- 598,000 bu compared with 489,000 bu last year. The visible supply showed another decrease of 4,511,000 bu, almost 2 million bu larger than the one in 1937, when the decrease amounted to 2,409,000 bu. The total now is the smallest it has been for some time by comparison with 1937-- actually 27,451,000 bu more.

(OVER)

The domestic milling demand remains poor, and as long as May wheat stays at a premium over the July the tendency on part of millers will be to reduce their stocks. Therefore, they are not likely to be big buyers at terminal markets for some time.

Light to moderate snowfall has occurred since Saturday morning over the northwestern states, also Iowa, Wisconsin, Illinois, and Indiana, while over the Central West and Southwest generally fair weather continues. There is some anxiety about the absence of moisture in the Southwest now for a prolonged period. There are no fears entertained that any harm has or will be done for the present, but the lack of moisture will become very important later on unless it is relieved in the meantime. Nothing stirs our markets as much as crop saares; they come very freq uently, and should we have bhem this season then new purchasers would prefer to buy July and September wheat, which would have the tendency of narrowing the discount on the May.

At the close our May wheat was unchanged.

The corn market showed a weakening tendency. There were some rains in the Argentine, and it is a foregone conclusion that should that country raise a normal crop our export business later on will suffer materially. Just now we have the benefit of their having reduced their stocks to very low points. In the meantime primary receipts are very large, amounting today to 3,226,000 bu versus 849,000 bu. The visible supply increased only 145,000 bu but we think there must be lots of corn on track which has not yet been unloaded, and there will probably be a heavier increase next week. At the present time the total is 34,984,000 bu compared with only 13,361,000 bu in 1937. The May future is gradually losing on the July, and we think there will be good carrying charges later on; also between July and September.

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CHICAGO MERCANTILE EX.

CHICAGO January 11, 1938.

After the close of yesterday's session, the Department of Agriculture came out with its report estimating the amount of wheat still left in farmers' hands. Figures given were 208 million bu compared with 128 million same period last year, or 80 million bu more. The trade was inclined to consider the figure rather lower than they would have guessed, but in analyzing the situation, they seem to be about correct, assuming that the government neither over-estimated nor under-estimated the crop raised this year, previously given as 873,000,000 bu. Adding to the quantity raised, 91 million bu, which we carried over on July 1st, plus one million bushels imported, we have 965 million bushels. Deducting 35 million bu which were exported up to January 1st leaves 930 million bu for domestic needs and further exports during six months, and carryover. This compares with 1936 as follows; up to January 1, 1937:

crop	626,000,000 bu
Carryover from previous year	138,000,000
Importations	23,000,000
	787,000,000 bu
Exports	2,000,000
	785,000,000 bu

Therefore, we have to deal with a quantity of 145 million bu more than last season. Now to locate this quantity: We find that farmers have 80 million bu more wheat, the commercial visible supply is 32 million bu larger, and if we assume that country mills and big mills have 33 million bu more, it would equal the 145 million bu, which would make the excess this year over last. Now, we are not quite sure about the 33 million bu, but as a guide we have the official statement as of October 1st, when the country mills had 47 million bu more than last year, and the big mills 9 million bu, or a total of 56 million bu more. We, therefore, assume a reduction of 23 million bu in those quarters for the last three months. We think we are a little high but there is no question that stocks have been reduced somewhat, but if they have been reduced less than we surmise, then the consumption this year would not have been as big as the one last year. This could easily be possible, because the amount of feeding for animals should be less as corn prices are so much lower and have been now for several months.

Liverpool cables were rather disappointing, considering the strength yesterday at both Winnipeg and Buenos Aires, futures closing at an advance of 1/8¢ per bu for the March and at a decline of 5/8¢ for the May and July deliveries.

The report that Germany had taken about seven cargoes of wheat from Argentina was a sustaining influence, but at the same time offerings from Australia are very liberal, and are at present a factor in that market. Argentina also was lower, but yet that market is surprisingly high considering that they are on the eve of a crop movement, and as a rule her wheat is disposed of as fast as it is available. Therefore, we still believe that from now on there will be a heavy movement, competing with us.

There was no export business reported in United States wheat, but we have not changed our opinion that sooner or later Europe will take fairly large-sized quantities from us, and considerably more during the next six months than were exported during the first period when we cleared only 35 million bu.

Primary receipts continue to be light, and there is no great pressure anywhere as far as the domestic wheat is concerned. They amounted today to 316,000 bu versus 267,000 bu last year.

(O V E R)

Toward the end of the session quite a recession in prices took place at Buenos Aires; also the Winnipeg market became very weak, causing discouragement here, and a lowering of prices. At the close our May future showed a decline of 1 5/8¢ per bu compared with yesterday.

Farm stocks of corn are given at 1,667,000,000 bu compared with 806,000,000 bu last year; 1,404,000,000 the year before; and only 1,384,000,000 average between 1928 and 1932. The disappearance since the new crop became available was 997,000,000 bu against 701,000,000 bu last year, when the crop was exceedingly small, and 1,170,000,000 bu average between 1928 and 1932. This is undoubtedly due to the fact that animals on feed have been very largely reduced. During 1937, under Federal inspection, only 31,300,000 hogs were slaughtered, which, with exception of 1935, was the smallest number in over fifty years. Naturally, we expect some building up of livestock as time goes on, but in the meantime with only a moderate consumption in spite of the export business which has been going on, it looks as though the supply of corn is too large and it might be difficult to maintain present levels.

Corn receipts are still very big, primaries being 1,679,000 bu versus 582,000 bu a year ago. There has been a lull in the export demand ever since Argentina had been favored with good rains. Crop prospects there have greatly improved, but the old corn remains scarce, and for several months the United States will be called upon to fill the needs of the importers.

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CHICAGO Jan. 12, 1938.

While the quantity of wheat available both in this country and elsewhere is the most important item in influencing prices, a secondary influence is its location. As a general rule, greater accumulations West of the Rockies have not the same depressing effect upon the market as when there is plenty of wheat east of there. This, for the reason that owing to high transportation costs, it might be difficult to ship it from the Pacific Coast to centers where it is needed. There is only one good outlet for their surplus: namely, export to the Orient or to Europe. Therefore, in analyzing the location of wheat on farms in the leading states, we find that most of it, by comparison with last season, is in the soft and hard winter wheat states, as well as in the spring wheat territory. Kansas and Oklahoma alone have 44 million bu left compared with only 17 million bu last year; Indiana, Illinois, and Missouri have 26 million bu versus 13 million bu last year, or double. This latter is particularly significant because this wheat is more or less tributary to Chicago, and, therefore, should prices in this market compared with others be out of line, this wheat could be attracted to Chicago and delivered on contracts.

Inasmuch as the states east of here raised big crops and seem to be well supplied, we have come to the conclusion that it will not be easy to reduce Chicago stocks, which consist mostly of red wheat, very heavily. On the contrary, later on they might be augmented by additions from farmers' sales, and then the question will arise who would finally care to carry any wheat over into the new crop with a premium over July, when the same article might then be had for that much less money. In the meantime, of course, carrying charges would have to be paid if the wheat could not be promptly sold during the month of June, which generally is the poorest month in the year for merchandising! Millers at that time make their preparations for the new crop and repairs at their mills.

Europe has been disinclined all during the season to buy soft wheat, and is less anxious now to purchase it as Australian wheat takes its place and same can be had in abundant quantities. The only red wheat which we know was sold abroad this year was for Spain, on account of the price. With this in view we think May wheat is entirely too high compared with July and that later on these two futures will have to be adjusted and come closer together.

Liverpool wheat cables were quite weak, futures declining 1 3/4 to 2 7/8¢ per bu. Canadian markets were also weaker than ours, but as long as it is recognized that we have a large exportable surplus to spare, it is quite evident that we cannot be independent of foreign markets; should others persist in declining, of course, it would be bound to have its effect on Chicago futures. In the meantime, however, there is no great pressure, and while everybody knows that there is plenty of wheat in the United States, the farmer seems to be quite independent and his wheat is not for sale very freely.

Primary receipts of wheat were only 392,000 bu compared with 235,000 bu a year ago, but shipments were again larger, amounting to 513,000 bu, while in 1937 same period they were only 277,000 bu.

The dryness in the Southwest continues. It seems to have no effect as yet on the deferred futures, which keep at about the same discount under May as they had been for quite a while.

There was only a small demand for American wheats, and also purchases for the Canadian varieties were very light. One sustaining factor in the market today we believe was steady purchases of May wheat against sales of Canadian futures, probably undoing spreads which had previously been made. At the close our market showed an advance of 1/4¢ per bu for the important future, May wheat, compared with yesterday.

(O V E R)

Corn showed an easier tone and the export demand was also quite moderate. Reports from the Argentine confirm that the breaking of the drought was beneficial to the growing crop, also that the acreage is very large, but present supplies of old corn are very small, and, therefore, Europe for several months to come will of necessity depend on American supplies for her needs. Stocks of corn still left in farmers' hands in Illinois are almost 332 million bu compared with 132 million bu in 1937, or 200 million larger; in Iowa they were 338 million bu compared with about 89 million bu, or 249 million bu larger. It appears unlikely to us for the farmer in these states to feed such a large portion; also it is not probable that enough will be carried over. So a situation will be created where they will be inclined to sell in large volume. Much of this corn might come to Chicago, and we look for a great accumulation here, which would have a tendency to bring about lower prices.

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CHICAGO January 13, 1938.

Probably never before in the history of the trade has one port monopolized such a large percentage of the wheat export business as Galveston has this season, starting July 1, 1937. According to the Department of Commerce, the total exports of United States wheat cleared, flour not included, were 29,780,000 bu, and the share which Galveston handled was 17,305,984 bu, or considerably over half. The balance, of course, was scattered; part was red wheat which was shipped early in the season from Chicago to Montreal, but which did not give satisfaction in Europe; part was Pacific coast wheat, but the real demand was for the Southwest's hard wheat. The states where it was raised: Texas, Oklahoma and Kansas, could supply it to better advantage, particularly as the freight rates were also in their favor. This is very important insofar as it is a clear indication of where the export business will be concentrated from now on; and as in all likelihood 50 to 60 million bu more will be wanted, we feel that there will be a continued demand for the hard wheat and that the soft wheat will be neglected. Therefore, any surpluswhich will have to be carried over into the next crop will consist of the latter kind.

Total exports of wheat and flour combined up to January 8 amounted to 38,302,000 bu, but we believe that possibly 8 or 10 million bu more had been sold and not yet cleared, the sales having been made for shipment as late as the end of February.

Just at the moment export demand seems to be very poor, but this is likely to change at any time because we know what the weekly consumption is in Europe and no other country seems to be offering it very freely except Australia. The kind of wheat which is raised there can only be mixed in certain percentages and other kinds are needed to keep up the standard of flour which the English millers are in the habit of furnishing to the trade. Even Russian shipments are very disappointing, this week amounting to only 288,000 bu. Total Black sea shipments are 576,000 bu, including the Russian shipments, compared with 1,400,000 bu last year.

For the first time in a long while there is a forecast for larger shipments from the Argentine. This is the period of the year when the Southern Hemisphere usually starts with heavier clearances, and we do not believe that this year will be an exception, although the total will not be anywhere near as big as in 1937. It is estimated that the Argentine suplus is about 96 million bu, and as a general rule about 70 per cent of the export business is done during the first six months, which would be not much more than 2 1/2 million bu weekly, while last year there were many weeks when the clearances amounted to 7 million bu or more.

There are some signs of an increased farmers' movement in the Southwest,and primary receipts today were 518,000 bu versus 283,000 bu last year, and 242,000 bu a week ago.

We still have not changed our mind that the United States will be able to make up the deficiency of shipments from other countries, and yet, will have a very sizable carryover on July 1, very much larger than the one during the past season. This, however, might be offset should the new crop prospects become very unfavorable, and as early as today we think the fact that dust storms were reported in some places in the Southwest was the chief influence in boosting our prices.

The weekly Kansas crop and weather report also states that the past week was much too dry for the wheat crop over Kansas, that there were a few light snow flurries and a few light rains, but most of the state failed to receive a measurable amount of precipitation. With

(O V E R)

soil moisture deficient even for the low requirements of winter wheat over much of the state, the outlook for the 1938 crop continues none too bright. It is, therefore, quite evident that the weather from now on will play a very important part in the price making of wheat, but it is also very clear that the whole picture will change should a large territory in the Southwest be favored with plenty of snow or moisture of any kind.

Continued decreases in stocks both at Kansas City and Minneapolis are in evidence and together they lost 980,000 bu so far this week, indicating another good decrease in the visible supply on Monday.

At the close our market showed an advance of 2 5/8¢per bu for the May wheat compared with yesterday.

In spite of the great strength in wheat, corn during most of the session had great difficulty in holding its own and at best sympathised only little with wheat gains. Early it was considerably lower than last night. This is due to a lesser demand for export and to continued heavy primary receipts, today amounting to 1,850,000 bu compared with 489,000 bu similar day a year ago. It appears to us as if this big corn movement would have to continue for a long period, as the amount still held by farmers is very large, and the surplus will have to find an outlet somewhere sooner or later; it will probably accumulate at terminal points to a large extent.

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CHICAGO MERCANTILE EX.

CHICAGO January 14, 1938.

French exchange yesterday sold at the lowest point since 1926. There was a slight recovery today, yet France has many troubles, chief of which is the terrific expense for armament purposes out of its national income. About 30 to 35 per cent is required for this purpose and another very large amount for interest on the huge debt, which also was accumulated on account of expenditure for past wars and war preparations for future years. By nature France is an immensely rich nation: even today probably, if such a thing were possible or practical, she has enough treasures which if sold might be almost sufficient to pay a large part of her large debt. She has a fertile soil and raises about one-third as much wheat as the United States, furnishes wine to the whole world, and her people are economical and saving. Nevertheless, since 1914 her currency has been depreciated about 90 per cent. Anyone who had hoarded gold in 1914, (and nobody was ever prohibited from doing so) could obtain ten times as many paper francs now as he could then. In other words, he would be that much better off than the individual who had his money invested in French government or other bonds with fixed income, whose income in paper francs had not increased-- in fact, in many cases decreased.

Naturally, therefore, any fears of further depreciation in the currency creates consternation and has a tendency to cause gold to be shipped to other countries as a safer refuge. This is where it affects us. Any further depreciation in the currency might affect the tripartite arrangement with this country and England regarding gold. Inasmuch as the United States has added to its gold reserves possibly $6 1/2 billion since 1934 and England $2,656 million, it is quite evident that further additions to the gold stocks in these two rich countries might bring about inflation in time, and protection against such a possibility must be in the minds of many people here, as gold stocks in this country have been advancing lately considerably --in fact, are very much higher than they were before the recession started, while all other stocks declined. This psychology is not yet general and has not been communicated to many commodities, but yet, wheat traders have it in mind all the time and many who would be bearish otherwise are afraid to take too many risks on the down side, feeling that at sometime in the future it may become a more important factor.

The Liverpool market at no time today showed the same strength as ours did yesterday, and futures there at the close had advanced only 1 to 1 1/8¢ per bu. This was discouraging to traders here; they looked for further inspiration from abroad, which in our opinion, is necessary to start a bull movement, unless new crop prospects should be very bad and would justify further advances. However,it is generally recognized that while there is a dearth of moisture atthe present time in many parts of the Southwest, irreparable damage has not yet been done, and it is too early to figure that we shall have poor crops on the large acreage which was planted. It is too risky to calculate that drought conditions must continue; relief, of course, is still possible. As a matter of fact, the wheat plant just now is dormant and not suffering much, but uncertainties will exist until we receive lots of precipitation.

Foreigners were somewhat encouraged by larger Argentine clearances than were expected, but they are still extremely light by comparison with last year --1,656,000 bu versus 5,711,000 bu respectively. However, we should not lose sight of the fact that the good yields in Argentina this year are in the territory which harvests the last, and consequently it must be conceded that the movement in that country is later than usual.

(O V E R)

Latest estimates on the Australian surplus are now about 94 million bu, and for the Argentine 96 million bu, so that the Southern Hemisphere will have an exportable surplus of 190 million bu, of which usually about 70 per cent is shipped during the first six months, which would make a total quantity of about 133 million bu to be cleared up to July 1st. This would be approximately 5 million bu a week. Figuring that Russia, the Danubian provinces and sundry countries would also clear about 1 1/2 million bu weekly, the requirements from North America would approximate 3 million bu a week; assuming that Canada could furnish about one million bu it would still leave about 2 million bu American wheat weekly for the needs of importing nations, or about 50 million bu from January 1st to July 1st. If these calculations are correct, all statisticians would agree that this would leave us with a very comfortable surplus before the new crop starts, and would hardly justify such a big premium for the old wheat as exists at the present time.

There was a slight narrowing between May and July wheat today, which we think will continue for some time. Primary receipts also show an increase, particularly in the Southwest; this is quite natural in view of the much larger farm holdings in Kansas, Oklahoma, and Nebraska. Receipts today amounted to 500,000 bu, or about double of last year when they were 244,000 bu.

Trade was extremely light, and probably much less than yesterday when the turnover in wheat was 43,632,000 bu. At the close our market showed a decline for the May future of 1 3/8¢ per bu compared with yesterday.

Decreases in stocks at both Minneapolis and Kansas City continue, so far this week being 1,140,000 bu at these two places. This indicates to us another good-sized decrease in the visible supply on Monday, which would compare with a decrease of 2,370,000 bu in 1937.

We hear of very little new export business in corn, and while we are convinced that the importing nations will have to buy a great deal more from this country before the Argentine harvests its new crop, yet at the moment the demand seems to be less urgent than it was. Primary receipts remain large-- 1,801,000 bu against 727,000 bu the previous year. The corn market shows a moderately declining tendency.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO January 15, 1938.

Liverpool wheat futures closed today unchanged to 3/8¢ per bu lower. There is nothing in sight at present to bring about great fluctuations. On the one hand,the importing nations seem to be able to obtain their supplies without much difficulty; on the other, the movement from the exporting countries is large enough to satisfy the demand, but not so excessive as to bring about great pressure. It is expected that world shipments will show some increase on Monday, and undoubtedly from now on clearances from the Southern Hemisphere will increase steadily, precluding fears abroad that trouble might arise to prevent millers from filling their needs without aggressive action.

Last year at this time Italy and Germany were very heavy buyers, bringing about a very sharp upturn in values. This demand is practically non-existent this season; since August 1st, Italy has taken only 4,288,000 bu compared with 21,936,000 bu during the same period a year ago. The United Kingdom, the largest importer, takes about 40 per cent of all wheat which is put afloat, and usually consumes about the same quantity each year. Their own wheat crop generally does not vary more than 10 million bu from one season to another. Since August she has imported 2 3/4 million bu less wheat, and 3/4 million bu more in the shape of flour, so that her importations are practically the same as they were in 1937. Black sea shipments including South Russia so far this season, since August 1st are 56,096,000 bu against 41,488,000 bu a year ago, and in all probability the territory adjacent to the Black sea will have more of a surplus this year than it had the previous one.

Primary receipts in this country are increasing, and today amounted to 495,000 bu versus 351,000 bu a week ago, and only 278,000 bu a year ago. For the week they were over one million bu larger than in 1937, but this ought to be taken care of by the increased exports.

Under date of January 11th, Sanford Evans estimates that on basis of a yearly consumption of 680 million bu, there would be 284 million bu of wheat available above home consumption for export during the twelve months, and carryover. Assuming that our total exports should reach 100 million bu, which we think would be the maximum from knowledge we have at the present time, our carryover on July 1st would be 184 million bu. There is, therefore, nothing in the old crop situation, which, in our opinion, would justify higher prices, and any further advance we believe could only come should the outlook for the new crop be very poor.

It is much too early to say much on this subject. All we know at the present time is that the planted acreage for winter wheatis very large, but on the other hand the condition for this time of the season is poorer than average. This, however, could change very radically. The lack of moisture which exists at this time could easily be corrected with plentiful rains. The weather, therefore, is to be closely watched. The long-time prediction for the great plains states indicate that some precipitation is likely during the coming week, although mostly light to moderate. This gives some hope of moisture, but not too much, and just a little will not allay fears for results of the coming winter wheat crop.

At the close our May wheat showed a decline of 1/4¢ per bu.

Corn receipts are still quite heavy but somewhat smaller than last week --1,661,000 bu today versus 2,339,000 bu same day last week, with only 669,000 bu last year. Demand for export is still poor, but the market was steady,particularly considering the late decline in wheat, which ordinarily would be an influence. While conditions in the Argentine for the growing crop have undoubtedly improved after recent rainfall, yet claims are made that it is not likely the exportable surplus will reach any such high figures as it did during the last two years, in which case the demand for our corn may last longer than was anticipated. However, the crop is so large and the consumption so moderate, on account of the reduced number of animals on feed, that we think the price is plenty high enough, and we expect to see accumulations at terminal points, which later on might have a depressing effect.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO January 17, 1938.

Wheat traders this morning when they arrived at their office were either pleased or disappointed, according to their positions in the market. The unexpected happened. Moisture had been predicted for the Southwest, which had induced a great many to realize on their long positions, but the forecasters were wrong, as it sometimes happens, and instead of moisture many dust storms were reported in various places in the Southwest wheat territory. This was considered the more important factor in price-making, and although Liverpool wheat cables started to be rather weak, our market showed an upward tendency during the first fifteen minutes of the session. However, the advance was not very pronounced and there is more or less of a stalemate at the present time.

Arguments might be made for either side, but none of them are entirely convincing as so much depends later on the weather and new crop conditions. In the meantime the supply and demand situation is so reasonably adjusted that it hardly appears as if any very important swings in either direction would be justified now. Very high prices at any time in the natural course of events only come about and are maintained if there is a real acute shortage, which can only be relieved by such tempting prices that everybody, including the farmer, is willing to economize and reduce his stocks to a minimum. This situation does not exist at the present time --there is plenty of wheat in sight for the next 5 1/2 months when our new crop is likely to be on the market. On the other hand with Canada, which had been the largest exporter practically for the last ten years having very small supplies remaining, and with Argentina having raised only a very modest crop, the larger supplies in Australia and United States may be reasonably taken care of without exerting too much pressure, and, therefore, very low prices are also not in sight. It would not surprise us a bit if during the next thirty days the price level might be much the same as it is now, within 5¢ a bu, but in the meantime the alarm about drought could at least be partially relieved. Of course, it would be a dangerous speculation to figure that it will never rain during the next four or six weeks.

Just at present the wheat plant is dormant and really doesn't need much moisture, but the fear of a drought arises from the fact that the December precipitation was below normal in a large area of the Great Plains and in several states in the upper Mississippi valley. Nebraska received only 42 per cent of the normal moisture in December and only 27 per cent in November. The Kansas December average was 62 per cent of normal; Oklahoma, we think, was very much better off and the precipitation during October, November and December, 1937, was 6.78 inches compared with 7.37 of normal.

There is no moisture predicted for the Southwest for the next 24 hours, and aslong as this condition lasts nobody will dare take much of a chance on the bear side no matter what his opinion might be regarding the final outcome.

In the meantime, receipts are increasing quite considerably; primaries today were 738,000 bu compared with 598,000 bu a week ago, and 539,000 bu last year. This, together with an almost total absence of demand for United States wheat at the present time, will likely prevent a continuation of such large decreases in the visible supply as have taken place now for a long while. However, the disappearance for the week was again very large; stocks in the visible supply since last Monday show a loss of 4,335,000 bu against 2,370,000 bu in 1937. Total supplies now in the visible statement are 25,485,000 bu more than a year ago.

Liverpool cables finally showed an advance of 3/8 to 7/8¢ per bu. They were influenced by an unconfirmed rumor that Russia had sold

(OVER)

a large quantity of wheat to Spain, and also that Portugal was in the market for fair-sized quantities. We do not consider either of these two countries as very important on account of the comparatively small population; at best they will take only very moderate quantities.

Total world shipments this week amounted to 10,434,000 bu versus 12,354,000 bu the previous year, and up to date importing nations have taken 21 million bu less than the same period the year previous. The total amount which was cleared by exporters for 6 1/2 months is only 256 million bu, or on an average of 9 million bu a week, and very much smaller than anticipated. North America is now by far the largest exporter, clearances being 4,155,000 bu this week compared with 2,827,000 bu last year same period, and no doubt a large percentage of this wheat must come from the United States. We believe that probably 10 million bu or more American wheat has been sold but not yet shipped, and will gradually leave this country between now and the end of February; very few transactions, we believe, have taken place further ahead than that. There will be no question of supplying the needs of European nations for the four months after March 1st; we go on the assumption that the wheat which so far has been disposed of has all been provided for, and is in transit to the various ports.

At the close our market showed no change at all for the May future.

There is a great letup in the corn export demand, but actual shipments last week had been extremely heavy, being 3,128,000 bu, while total clearances since November 1st, including the above quantity, have been only 10,637,000 bu. Inasmuch as stocks of corn on farms and at the principal terminals on January 1st amounted to 1,704,000,000 bu compared with only 821,000,000 bu the year before, and also much larger stocks in country elevators, we do not believe that the export business will be sufficient to change the usual occurrence: namely, that domestic conditions generally make the price. We believe that stocks at terminals will finally become burdensome. Primary receipts today are 2,074,000 bu against 680,000 bu in 1937, but smaller than last week when they were 3,226,000 bu. The visible supply showed an increase of 1,486,000 bu versus 226,000 bu last year; and total stocks are now 36,434,000 bu whereas in 1937 they were13,587,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO January 18, 1938.

It looks like one of the easiest things to prove with a pencil and paper that the importing wheat world will have to buy large quantities of United States wheat during the next 6 1/2 months, or until about August 1st. Of course, during the month of July new wheat may be available here, but for the remainder of the time the old wheat should be wanted. It is not likely that in these calculations any serious mistakes could be made regarding the requirements which after many years of experience are practically known. As far as England is concerned, the consumption hardly varies from one year to another, and the United Kingdom takes about 50% of all the wheat that is figured as being needed in Europe. The estimates of requirements for the other countries are so small already that in all probability this minimum demand can not be cut. We also know how much Brazil and other ex-European countries will have to buy to feed their people.

Now, regarding large exporters, they are so few in number that calculations can also be made on a reasonably safe basis. Ordinarily, the biggest exporter --Canada-- has very little wheat left and there can be no surprises there. Argentine has raised a poor crop and even now, when they are supposed to be shipping very freely it is claimed that the demand for tonnage showed no improvement in the past week and space is available at the minimum rate, showing very great indifference for their wheat on the part of importers. The high price probably has much to do with that, but in any case, Argentine will be only a moderate factor. As far as Russia is concerned, it is claimed that her surplus is practically exhausted. This leaves only Australia to compete with on a large scale, and she probably will export more than usual, but of course, there is a limit to what she can clear as the total excess over home requirements is supposed to be only about 100 million bu, and it is not likely any more than 70% of that will be cleared during the first six months; therefore, it looks reasonably certain that the United States will be called upon to fill the gap. Nevertheless, ever since the first days after the turn of the year, there seems to be an absence of buying orders from Europe, except here and there a few small quantities. We find again today that the demand is extremely indifferent. All this undoubtedly is well known to the English wheat buyers, and as the milling business there is very much concentrated, and as we have to assume that their knowledge of what is going on is fully as good as ours, or better, we can only assume that they consider the price level will not go higher. They evidently feel that their requirements can be filled at any time they choose; they know this country has large quantities available and by waiting they can do better, and, therefore, consider it to their interests to delay purchases as long as possible. We shall not be surprised if they win this fight, unless in the meantime crop scares in this country would be such as to make the farmer more independent so that he will hold on tighter to whatever he has left and possibly even carry a large quantity over into the next crop before selling at a price which he does not consider quite satisfactory. This situation, from the seller's point of view, remains also unsatisfactory at the moment because the domestic demand remains very poor. There must have been very large reserves of wheat or flour, both in first and second hands, to enable millers to stay out of the market for as long a period as they did, and even now are showing no anxiety whatsoever to replenish their stocks. While it is true that normal consumption is going on every day, moderate quantities can always be had at home direct from farmers and millers so far have not been compelled to come to terminal markets to replenish their stocks

The market today was largely influenced by weaker Liverpool cables, futures there declining from 5/8 to 1 1/8¢ per bu, and also by the possibility of a change in weather conditions. There were some scattered snows in Nebraska, and forecasters predict that possibly eastern Kansas might be favored with some moisture. The prospects are not particularly favorable for the western portions of Kansas,

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Nebraska and Oklahoma, but probably light rains or snows will fall in the eastern portions of those states. Until there is general relief so that crop prospects could be considered nearer normal, sharp declines are not very likely; but it is too early to have much of a bull movement on crop scares.

Primary receipts today were somewhat smaller --only 376,000 bu versus 307,000 last year; stocks at Kansas City and Minneapolis so far this week show a decrease of only 21,000 bu, and we believe that the visible supply from now on will not decrease as sharply as it has of late.

At the close the market showed a decline of 5/8¢ per bu for the May future.

There was also no export demand reported for corn, and Argentine crop prospects seem to be improving. However, receipts here are declining, which caused some firmness, primaries being 912,000 bu versus 1,679,000 bu last week. However, we all know there are enormous quantities of corn back in the country which will have to come forward at sometime or another; therefore, the price looks high enough to us at the present time.

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CHICAGO MERCANTILE EX.

CHICAGO January 19, 1938.

According to the weekly report of the Northwestern Miller, the flour business has been extremely disappointing. Bookings in the Northwest for the past week amounted to only 20% of capacity and in the Southwest to 14%. In the East the soft winter and also, the Pacific Coast areas reported similar slumps. This decline in new flour bookings over the whole country is not entirely unexpected, as the production during the past six months was somewhat larger than during the same period a year ago, and unfilled orders are also larger than in 1937. Unless there is a sharp increase in consumption, which is not considered likely, most buyers have their requirements covered to a greater extent than a year ago. This story is a repetition of what we hear about steel, copper and other industries, viz., as long as great confidence prevailed everyone was buying ahead, but since the psychology has changed and since the recession started, great caution is being exercised in all quarters. In the meantime, the export business for United States wheat has also dropped off to a considerable extent and is almost at a standstill on any large-sized quantities. There is one hope left for the wheat bull: namely, a rather low condition for the new wheat crop exists, but today for the first time there are more definite signs of moisture in the Southwest than there have been for a long period, and if this should materialize it would not be too late to create justified hopes for a fair-sized winter wheat crop on the large acreage planted. In the meantime, Nebraska had some moisture overnight, which will give some relief, but, of course, much more will be needed because that state particularly was very dry; in fact, it has been in worse condition than for many years as far as moisture is concerned. However, hope is eternal in the human breast, and some of them still base their expections of higher wheat prices on possible inflation. They forget, however, that there is good reason to expect that it may come at some time in the future unless changes take place in both our expenditures and the great armament expenses in Europe, but this is a very slow disease and not at all likely to affect wheat prices this coming season.

Looking further into the future, of course, six or seven nations spending together about 12 billion dollars for armaments, or three times as much as in 1913, and twice as much as in 1932, it is easy to assume they cannot continue these outlays without finally disrupting monetary standards. France's trouble even now may be attributed to this cause and all her domestic and political troubles are only the consequence. In the meantime, also, gold production continues to grow at an enormous rate and it being the measure for everything else, is bound to have an influence on other commodities. The gold production in the United States during the calendar year 1937 amounted to about 168 million dollars, compared with almost 153 million dollars in 1936, a gain of 15 million dollars in one year, or about 9%. This amount of gold mined in the United States is almost sufficient to supply the whole world with its needs for commercial purposes, such as arts, etc. The balance of the gold which is mined in the world will be added to the reserves of the central banks or hoarded. The amount so accumulated is bound to prove burdensome, particularly as both England and the United States buy this gold with borrowed money.

The Secretariat of the International Wheat Committee also circulated a voluminous document predicting great accumulations of wheat during the next few years, providing the world raises normal crops without increasing consumption. We believe, however, that several countries who experience at the present time great exchange difficulties, such as Italy and Germany, could consume larger quantities and would use fewer substitutes, provided wheat were more abundant and cheaper. Nevertheless, this statement had a depressing effect on prices and contributed to the declining tendency.

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At the close our market showed a loss for the day of 1 3/8¢ per bu for the May future. The Liverpool market did not show any great changes, losing from 1/8 to 1/4¢ on their futures. Primary receipts are still very small --376,000 bu compared with 232,000 bu last year, and stocks at Kansas City and Minneapolis so far this week showed a decrease of only 60,000 bu. We, therefore, assume that the decrease in the visible supply the coming week will be much smaller than the preceding ones. There is a slight narrowing between May and July wheat, and we still consider it likely that stocks at terminal markets on May 1st will be sufficient to possibly make a carrying charge from May to July and later on from July to September.

Corn receipts show a decided falling off, being only 999,000 bu, compared with 1,783,000 bu last week, but only 459,000 bu last year. Inasmuch as there is so much corn left in the country, any letup in receipts is likely to be only temporary. The export demand continues to be poor for the last few days. We believe Argentine crop prospects have greatly improved, which probably causes European buyers to be more cautious and holding off for the time being. A certain demand, however, is bound to arise to fill the gap until new Argentine corn comes on the market, and, therefore, we look for some improvement in export demand before long.

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CHICAGO MERCANTILE EX.

CHICAGO January 20, 1938.

There was a good deal of disappointment this morning that the weather map did not show as much moisture as had been expected from the official weather prediction. There was some precipitation both in Nebraska and Kansas, and while this is somewhat helpful it does not relieve the situation by any means. Our own weather forecaster is quite optimistic and feels that what did not occur yesterday might materialize today, and he predicts rain or snow tonight and Friday for Kansas, Nebraska, Oklahoma, Texas, Iowa, Missouri, Illinois, Indiana and Ohio. This, however, is not confirmed in equally strong terms by the official weather prediction, and, of course, the trade is more impressed by the latter. We shall now have to see which is correct. Any favorable change in weather conditions might immediately affect the market the same as it did today in the other direction, causing a considerably higher opening and firmness during the session.

Under these circumstances comparatively little attention was paid to the old-crop situation, although we believe same deserves close attention, and in our opinion it is gradually developing into a more bearish picture, inasmuch as new export business is lagging. It was claimed that some especially high protein had been sold abroad overnight, but there is no general demand for our wheat at the present time. We believe that the amount on the books of exporters of wheat sold and not yet shipped is gradually decreasing, as since the early part of this month new commitments have been extremely light.

Total wheat and flour exports since July 1st from the United States, or for twenty-nine weeks, are about 39,256,000 bu, and on that basis, assuming that domestic consumption would be 680 million bu, there would be about 245 million bu of wheat left in this country for export and carryover. The average weekly exports so far this year have been 1,400,000 bu, and should they not exceed this amount from now until the end of June, we would ship only 32 million bu more. Even should this be exceeded by 15 million bu additional we would still have 200 million bu of wheat left on July 1st. This would be more than double the quantity we had on hand last season and might prove very burdensome. Somebody would have to own this wheat, and it is certainly not likely that the bakers and millers would own a large quantity when they can buy the new crop based on the July future at considerably less; nor would the merchant or the elevator man be tempted to use his elevator capacity for the purpose of storing wheat, as long as there is no carrying charge, but rather futures selling at a discount.

The farmer usually sells the bulk of his crop, although generally he carries over from 4 to 5 per cent, which might be approximately 35 million bu. This, of course, would all change provided we could be sure of a poor crop next season; therefore, the weather from now on will become a very important factor. In the meantime we know that a very large acreage has been planted, and even with some adversity we still might produce a great many bushels. We know that in 1937 we had a large amount of winter killing in the winter wheat belt, lots of dry weather in the dust bowl, great deterioration in the quantity and quality late in the season on account of black rust, finally cutting the spring wheat crop materially, and yet, the total amount of wheat finally produced was close to 200 million bu in excess of consumption.

Those who believe that more inflation would also be a factor in raising wheat prices were somewhat influenced by the Washington conference with important business men, as the President failed to either comment or promise that no further tinkering with the currency would take place. Inasmuch as he has the power, provided he has the will, to reduce the dollar to 50¢, should in his judgment it be desirable to do so to help business, there remains a possibility that

this will take place at one time or another. The steady advance in gold securities may be based on the fear that, to say the least, inflationary measures in the future must not be left entirely out of calculations.

Liverpool cables were reasonably firm, futures advancing 3/8 to 1/2¢ per bu, but the extreme strength at Winnipeg at times was a great help to our price structure.

Black sea shipments were 1,024,000 bu compared with 976,000 bu last year; they were considerably larger from South Russia, but smaller from the Rumanian ports than last season. There is, however, a great difference in the estimated Argentine shipments, being 2,204,000 bu versus actual shipments in 1937 of 7,695,000 bu. It is quite evident that the shortage cannot be made up by increased clearances from Australia and North America. Therefore, we look for very moderate world shipments on Monday, and considerably less than a year ago. Under these circumstances, we see no pressure abroad, and the only country which has sizable quantities to offer is the United States. Our primary receipts, while not large, make a very fair showing compared with last year --529,000 bu versus 305,000 bu similar week in 1937.

The volume of trade continues to be moderate. The open interest decreased yesterday 714,000 bu, to 92,449,000 bu. This is a very large reduction from the top. At the close our market showed an advance of 1/2¢ per bu for the May future compared with yesterday.

It was claimed that some corn export business was done overnight, and if this is the case it is by no means as general as it was some time ago. Weather in the Argentine is again dry and hot. Undoubtedly their crop has deteriorated a great deal, and production will be nothing like it was for a number of years in succession, when they practically supplied all of Europe with this needed cereal. However, our supplies are way above the possible requirements for consumption, and we expect good receipts all the year around. Primaries today were 929,000 bu against 483,000 bu a year ago. Interest in the yellow cereal is lacking at the moment, and total volume of trade yesterday was only 1,836,000 bu. We see nothing in the situation to boost prices at the moment, the danger always being that on any advance farmers would sell much more freely.

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CHICAGO MERCANTILE EX.

CHICAGO January 21, 1938

Wheat traders were quite confident yesterday that the weather map this morning would show a great deal of moisture in the Southwest, where it is wanted; but they were sadly disappointed, as the precipitation which was in sight missed Kansas and Nebraska entirely. Farmers in the wheat sections there are crying for relief in the way of moisture. There were some light snows over the Texas Panhandle, and Missouri also was favored, but according to the Kansas Weekly Weather and Crop Bulletin dust storms during the past week had been quite severe and further deterioration in the wheat crop, particularly in western Kansas, has taken place. Rainfall in Kansas, Nebraska and Oklahoma, for October, November and December to January 17, since which time no material moisture had been received, was as follows: Kansas 2.63 in. compared with 4.08 in. normal; Nebraska 2.01 in. compared with 2.96 in. normal; Oklahoma is better off than these two states, 5.68 in. versus 6.69 in. normal.

The fact that in spite of these conditions our wheat market showed great indifference must be attributed to the rather bearish situation in the old-crop conditions in the United States. There is nothing depressing in the foreign situation and cables showed an advance of 1/8 to 1/4¢ per bu for the various futures.

Argentine and Australian shipments this week were approximately 5 million bu against almost 11,436,000 bu similar week last year. Total weekly world shipments last year were 16,806,000 bu, and we doubt whether they will be over 10 million bu this coming Monday. It is becoming more and more apparent that the import requirements this season will be very much less than in 1937. This may be partly due to the fact that Germany and Italy, which had been heavy buyers then are almost independent now, and some of the other countries have raised more wheat, and are also in a position to curtail their importations. This accounts for the great indifference in the demand for our wheat at the present time, but after everything is taken into consideration we still believe that fair quantities of choice United States wheat will be wanted later, as long as Canada has such short supplies and will not be in a position to assume her usual role as a big exporter.

Next Monday the government will give us an estimate on the amount of wheat which was supposed to be held on January 1 in country mills and country elevators. It would be our guess that by way of comparison with last year they might easily be from 30 to 40 million bu more. We have already the government's estimate on farm reserves, showing an excess of 80 million bu. We know there is 32 million bu more in the commercial supply stock, so the total excess compared with last year might be 140 to 150 million bu. It is, therefore, quite evident that a larger export business will be badly needed to relieve us of this burden, as we are approaching the new crop and moderate clearances will not do it-- it will take a very big reduction, otherwise the carryover on July 1 might be close to 200 million bu and only a crop failure would prevent a sharp decline in prices by next July, when these old stocks and the new wheat which will come on the market and compete with each other for buyers. This would be particularly unfortunate if Canada, which had a number of failures in succession, would be more favored this coming year and produce normal yields on her big acreage.

Primary receipts of wheat today were 455,000 bu compared with only 294,000 bu last year. Stocks at Kansas City, Duluth and Minneapolis so far this week show a decrease of only 200,000 bu. We expect a very much smaller disappearance of stocks this week in the visible supply, and doubt whether it will be as large as the one of last season same period when the decrease was 2,152,000 bu.

At the close our market showed a decline of 1 1/4¢ per bu for the most active future, May wheat, compared with yesterday.

There is a firmer undertone to the corn market, although the export business at the moment is still very light. However, despite recent rains in the Argentine it is not expected that the next crop which will come on the market soon will create a sufficiently large surplus to exclude the United States from sharing in part of the demand which had been supplied by her almost entirely. Primary receipts, however, are still large: 1,010,000 bu versus 506,000 bu a year ago, and with the large amount left in farmers' hands it is still possible that later on we shall have great accumulations at terminal points. There is a tendency of widening the differences between May and July corn.

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CHICAGO MERCANTILE EX.

CHICAGO January 22, 1938.

Having been in the export business for a great number of years, we naturally have had many experiences in the past. We well remember when formerly Europe continually complained about the quality of United States wheat shipments, but nevertheless in the same cable asked for more offers and added to their purchases of the kind of wheat they claimed was not satisfactory. The reason for the dissatisfaction was very clear, and was often explained; namely, foreign millers very seldom were willing to pay the price for quality wheat better than the standard, while our domestic millers were always prepared to pay a higher price for the choicer quality. Therefore, the poorer wheats used to be exported. This year it is entirely different. The demand is not for the standard grades, but for the best qualities, for which good premiums are paid. In some case where not only the grade, but also the shipment is guaranteed according to samples, extra premiums are obtainable. As a consequence, instead of frequent complaints, as in previous years, there are many praises about the late arrivals, but contrary to expectations, further orders which one might expect, are absent.

Therefore, we must look for some other causes explaining the total absence of buying from Europe of late. Today's business was again extremely light, and we can see no signs yet of any improvement. In searching for the proper answer, we have come to the conclusion that it must be due to the great reduction in the Continental demand for wheat and flour compared with a year ago. We would not be a bit surprised if Broomhall would finally have to lower his estimate on the requirements of importing nations, particularly from the United States.

Last season up to June there was a steady demand from Italy and Germany, which seems to be missing now. Furthermore the various restrictions in different countries compelling a reduction in the use of wheat and rye for flour seems to be quite general. In Germany, for instance, it is decreed that there must be an average mixture of 7 per cent of corn flour with all wheat flour produced; also a mixture of about 4 per cent of corn flour with rye flour. This was early in the season, and later on it was raised. There are similar laws in Portugal, Austria, Italy and Poland, which in the aggregate must cause quite a reduction in the amount of wheat used for flour in those countries with a very large population.

Nevertheless, in view of the continued absence of moisture, and with little hope that the coming week this might be corrected, if the official weekly forecast is right, wheat prices could recover some from the sharp decline of yesterday. For the great plains, generally fair weather is expected with possibly only light snows by Wednesday or Thursday.

The Canadian government report estimated its last wheat crop as the smallest since 1914; therefore, it is not likely that such a disaster will be repeated the coming season.

Liverpool cables were unchanged to 3/8¢ per bu lower. Our May future finally showed an advance of 5/8¢ per bu compared with yesterday.

Primary receipts were 492,000 bu against 245,000 bu a year ago, and for the week they show a gain of about one million bu over the same period in 1937. Stocks at Minneapolis and Kansas City decreased so far this week 538,000 bu, and we look for a moderate decrease in the visible supply on Monday, but nothing like occurred the last few weeks.

Corn receipts have fallen off considerably compared with last week, being only a little more than half --881,000 bu versus 1,661,000 bu the previous week, but they are still much larger than last year, when, of course, we had a very small crop, they were then 471,000 bu. With a very light export demand now we see nothing in the situation on which to bull the price.

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CHICAGO MERCANTILE EX.

CHICAGO January 24, 1938.

World wheat and flour exports this week from all countries were 10,033,000 bu compared with 16,806,000 bu last year, and since July 1 to date importing nations have taken about 28 million bu less than during the 1936-37 season. The deficiency by way of comparison will grow more we think as time advances. Last year the following week, February 1, clearances were 14 1/2 million bu; on February 8, 14,400,000 bu; February 15, 13,400,000 bu; February 22, 13 million bu; and March 1, 15,800,000 bu. They kept up reasonably well during the remainder of the crop year. Total shipments from February 1st to June 28th amounted to 257 million bu, or about 12 million bu weekly. Such a quantity we do not think would be available this year, but according to all appearances it will not be wanted either. If we estimate that the Southern Hemisphere will clear 5 million bu weekly, Black sea and Canadian shipments approximately a million bu a week each, sundry countries 500,000 bu, or a total of 7 1/2 million bu, the balance would have to come from the United States. All indications, however, point to a very much reduced demand compared with 1937.

In spite of the much smaller world shipments this week, the United Kingdom arrivals were 1,200,000 bu larger, indicating a very poor absorption on part of the Continent. Also the on-passage statement giving only 35,336,000 bu versus 49,896,000 bu similar period in 1937 shows that no great provision has been made for supplies ahead, and this can only be explained on the assumption that the heavy demand is not in sight. Theoretically, an excellent demand should exist at the present time for United States wheat, we being the only country which has a big surplus, but the export demand today, as far as we could find out, was again practically nil. What disturbs us more than anything else is the fact that no actual interest is shown in the purchase of same ahead. Would we receive bids even under the market, we would come to the conclusion that there was a dormant demand which might develop on any break, or even on an advance in case mills should become scared; but nothing is more discouraging than the absolute indifference prevailing at the moment.

The best we can say under these circumstances for foreign markets is that no pressure exists, or is likely to exist, and Liverpool wheat futures showed an advance of 3/8 to 3/4¢ per bu.

Weather during the last forty-eight hours was rather better than expected. No precipitation had been anticipated and yet they had splendid rains in Missouri, eastern Kansas and parts of Oklahoma, and lots of places in the soft wheat territory. The balance of the state of Kansas was missed again, and as this constitutes a very large area where wheat is raised it created a moderately bullish feeling. Furthermore, many dust storms were reported, keeping shorts nervous, but taking all items into consideration there does not seem to be sufficient encouragement to anticipate a bull movement unless conditions change.

As far as the old-crop situation is concerned, we believe when we receive today's government statistics on the amount of wheat left in country elevators and mills on January 1st that it will become evident to everybody that the supply of old stocks is very abundant and that a very large carryover into the next crop is unavoidable.

As far as new-crop prospects are concerned, taking a broad view, we would say that including the Pacific coast, where the outlook is particularly favorable, that possibly half of the winter wheat acreage is in very fair shape and that the other half will depend on the amount of rainfall from now on, although at the present time some of the acreage in the poorer districts has to be abandoned and from others complaints will continue until they are favored with more moisture.

Primary receipts were only moderate at 693,000 bu, somewhat smaller than last week when they were 738,000 bu but larger than last

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year at 449,000 bu. The visible supply showed a decrease of 2,966,000 bu against 2,153,000 bu last season and is now 24,673,000 bu larger.

At the close May wheat had gained for the day 3/4¢ per bu compared with Saturday. The fact that July wheat was the strongest during most of the session indicates that it is gradually being recognized that hopes are greater that profits may be made on the cheaper wheat in case of crop scares, rather than on the old wheat, which, as above mentioned, is likely to remain abundant during the next five months.

Stocks in Chicago decreased 363,000 bu and have been reduced now to 10,332,000 bu. At the present time, however, demand is very poor and there has not been a sale reported today on a single car for domestic purposes --in fact, it was claimed that there was no business in the way of sales of wheat, corn, oats or rye out of Chicago.

The corn market received some benefits from the fact that receipts are getting lighter, being only 838,000 bu compared with 2,074,000 bu last week and 575,000 bu last year; also somewhat in sympathy with the strength in wheat. There was some export business reported but not in large volume and the total clearances from the beginning of the season to the middle of January were only 8 million bu. It is, therefore, quite evident that now, as always, corn values depend to such a large extent on domestic requirements that at best the export business will be only trivial compared with the home consumption. Consequently we feel that as long as stocks available in the country are so very large, the movement at sometime will increase considerably, and the present price is plenty high enough. The visible supply of corn continues to increase, amounting today to 2,045,000 bu, and the total visible is now over 24 million bu greater than last year same period.

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CHICAGO MERCANTILE EX.

CHICAGO January 25, 1938.

The report on stocks of wheat in country mills and elevators as of January 1st, estimated by the Department of Agriculture at 115,536,000 bu, the largest in the last four years, evidently was not considered as very important, as it was no market factor at the opening of our session. These figures compare with those of a year ago of 80 million bu. We now have the official figures by the Department as of January 1st of farm and commercial, as well as interior mill and elevator stocks, totaling 420,000,000 bu against 270,000,000 bu a year ago, or 150,000,000 bu more than in 1937. Within the next few days another report will be issued giving stocks of wheat in merchant mills and elevators; we would guess same to be about 110 million bu, or more, which would be 11 million bu more than the year before, and also larger than in 1935-36. If we are reasonably accurate in this last estimate, there was a total amount of wheat left in the United States on January 1st, 1938, of 530 million bu after the quantity used for winter wheat seeding had been deducted. This quantity we believe would fully cover, and probably exceed, the amount of wheat which is ground by all our flour mills for human consumption during twelve months.

We can only come to the inescapable conclusion that while little attention is paid to it at the present time, in the near future these large supplies will prove to be burdensome. Of course, we are fully aware that outside of the home milling consumption we have to figure on a small amount needed for spring wheat seeding, and on a probable export business, but as day after day passes without importers coming here on a large scale, our hopes for furnishing extensive requirements are diminishing. It now seems as if the export business during the next five months might be equally disappointing as it was during the first seven months, when only a little over 40 million bu had been exported.

Broomhall confirms today (and this is where calculations were wrong) that the Continental demand was not up to expectation, and will probably continue to make a very poor comparison with 1937, when Germany and Italy were such heavy buyers. Of course, we realize fully that India hardly ships anything after this time of the year until June, that Canada has very small stocks, and that the Southern Hemisphere alone will not be able to make up the deficiency in the other exporting countries. However, even additional exports of 50 million bu, where we have perhaps 160 million bu more than last year, would not be sufficient to justify very high prices unless we would be faced with a disaster in the new crop.

While weather conditions in the future are the dominating factor, we cannot quite overlook the fact that the sown acreage is very large; the acreage in Kansas, for instance, is 17,446,000 acres, the largest since 1932 as follows:

1932	-	13,205,000 acres
1933	-	12,677,000 "
1934	-	13,438,000 "
1935	-	14,244,000 "
1936	-	17,104,000 "

Furthermore, during all these years conditions also could not have been very favorable, because the abandonment was very large as follows:

From the 1932	sowings	-	44 per cent
" " 1933	"	-	32 " "
" " 1934	"	-	49 " "
" " 1935	"	-	27 " "
" " 1936	"	-	23 " "

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Conditions for the present in both the Pacific Northwest and in the East seem fully up to average. Again today there was plenty of moisture everywhere except in the Southwest, and it remains dry in the important state of Kansas. The month of January was particularly deficient in precipitation, and up to January 18th official statistics show there was no measurable moisture reported in that state. In other words, cognizance is not taken of anything less than .01 of an inch, but not even this amount of moisture occurred.

Liverpool wheat cables also showed great indifference, futures closing unchanged to 3/8¢ per bu lower. Evidently foreign markets still are depending on shipments from Australia and Argentina, as these countries very seldom have failed to put large quantities afloat at this time of the year unless they had absolute crop failures

There were some reports current of exports of 200,000 bu, but we have been unable to obtain details, and are not quite sure whether this was new business, or whether or not possibly some exporter purchased the wheat in anticipation of new orders, especially as Portugal seems to be in the market for fair-sized quantities during the next few days.

Trade is extremely light, and fluctuations are small. At the close our May wheat showed an advance of 1/8¢ per bu.

Primary receipts continue to be light --265,000 bu compared with 376,000 bu last week, but only 189,000 bu a year ago.

There was some further export business done in corn today. Considering the large crop receipts are very disappointing, being only 441,000 bu today versus 912,000 bu a week ago, and 396,000 bu the previous year. Under these circumstances, of course, there is no pressure.

There is a favorable side to all these statistics which we have mentioned: namely, the large holdings of both wheat and corn which are back in first hands would not have taken place were it not for the fact that the farmer seems extremely prosperous. He evidently has paid his debts and is very independent; his financial status must be good or else the movement would be considerably larger.

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CHICAGO MERCANTILE EX.

CHICAGO January 26, 1938.

We believe that European traders were more impressed than ours with the latest statistical figures given on probable wheat supplies in the United States, insofar as the old crop is concerned. The tendency all this season on part of importers had been to meet their requirements from hand to mouth, and no large stocks abroad were ever accumulated; the amount on passage was also about as small as conservative needs permitted it to be. It was a contest right along between the sellers of the exporting countries and the buyers of the importing ones. The fact so easily determined that there would be plenty in the end, gave the buyers a distinct advantage; this they still possess and know how to use it.

Past experience has shown that farmers are often free sellers at the beginning or in the middle of a crop movement, but at other times rather reluctant. However, the percentage of wheat held at the end of the season and before the new crop movement starts seldom varies very much from one year to another. Therefore, we have no reason to believe that this will be any different this season, and we assume that the bulk of the large farm holdings at the present time will be offered for sale during the next five months, and not be carried over. A further inducement for buyers to hold back was the very poor demand compared with last season, on part of both European and ex-European consumers. Total exports to Europe between August 1st and January 24th, or approximately six months, were 28 million bu less, and ex-European countries took 18 million bu less, or a total of 46 million bu less wheat cleared during these periods. These shipments include purchases by United States last year. It now seems quite probable that Broomhall's estimates about requirements were too high, and should this be the case, we shall have to reduce our views on the probable amount of wheat and flour which the United States may be able to export during the balance of this crop year. In the meantime, clearances from here on sales previously made are continuing at a very fair rate, and it is now estimated that possibly 48 million bu had been shipped up to mid-January, so that possibly the total exports of the United States might still reach 90 million bu. This, however, looks to us like an outside figure, unless further sales can be consummated soon.

We pointed out in our recent letters that the discouraging feature lately to the exporter was the fact that there seems to be such an absolute indifference at the moment and there are no counter bids in the market so that possibly on breaks new transactions will take place. Therefore, even today, with a sharp decline, we have heard of no export business on any large scale, and therefore, doubt whether even the decline so far established will change the situation materially. In the meantime, of course, it is quite apparent --human nature being as it is-- that any further declines would make holders more anxious to dispose of their property, and, therefore, it would be hazardous to predict that we have seen the lowest points as yet, particularly because wheat seems to be almost neglected as a speculative commodity, and the total volume of wheat trade yesterday in Chicago, the biggest of all grain markets, was only 12,207,000 bu.

In addition to this, there was a very sharp break in stocks, undoubtedly causing new losses to investors, and such discouraging action in our investment markets always makes its difficult to interest others, particularly Eastern buyers, to venture in new engagements in commodities.

Primary receipts continue to be very moderate-- 401,000 bu, compared with 376,000 bu a week ago, and 235,000 bu a year ago. The demand is also very poor for domestic purposes, and the cash demand remains very indifferent.

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As to the final outcome of the level of prices, nobody, of course, can be positive, as it would be hazardous at the moment to guess even within 100,000,000 bu or more, what the size of the new crop will be, and this will be the determining factor. Spring wheat is not even seeded yet and our crops from one year to another very often vary over 200,000,000 bu; therefore, even an extra surplus of 100,000,000 bu of old wheat could be nullified in its effect, provided we should have a disaster. There is nothing in sight, however, to predict same. Those who live in the Southwest and the nearer they are to the semi-arid area, are very much impressed with the great drought in that territory. However, here we see a brighter side in the wonderful rains with which the territory in the central states have been favored, and also have in mind that the moisture condition in the spring wheat territory is quite favorable. For the moment all this might be ignored if the pressure of old wheat should become very great.

At the close our market showed a decline for the day of 2 3/8¢ per bu for the May delivery.

The corn market suffered chiefly in sympathy with wheat, otherwise we think the very light receipts would have been a stimulating factor. Primary receipts were only 329,000 bu--actually smaller than last year when yields were extraordinarily poor, and when receipts were 399,000 bu; they also compare with 990,000 bu a week ago. It shows that farmers are showing a great holding tendency at the present time, but of course everybody knows that sooner or later the large supplies which are still on farms will have to come out.

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CHICAGO MERCANTILE EX.

CHICAGO January 27, 1938

In analyzing the kind of wheat held on farms and in interior mills and elevators, and making comparisons with last year, we find that the states producing largely the hard wheat variety-- Kansas, Nebraska, Oklahoma and Texas -- have 80,673,000 bu in these two positions compared with 39,194,000 bu last year, or approximately 41 1/2 million bu more. Should the optimistic views about further large export business be realized, and assuming that the same kind of wheat will be wanted as heretofore: namely, the hard wheat, it would be at least possible that the excess of 41 1/2 million bu now in existence could be largely disposed of.

It is different, however, regarding the soft wheat position. Missouri, Illinois, Indiana and Ohio have 52,665,000 bu versus 30,636,000 bu last year, or 22 million bu more. As there was a sufficiency last season so that finally the May wheat, which at one time had sold about 18¢ over July, finally declined to 2¢ over that future, we feel that this season with 22 million more in those positions everything is different. With no prospect that any larger quantities will be used domestically than in 1937, there might be a big surplus and soft wheat stocks might be pressing on the market. This would be particularly the case if the present good prospects in the soft winter wheat states would be maintained so that there would be no temptation on part of millers to have any large surplus at the end of May when within four weeks after that they might get plenty of wheat at home.

We still consider it possible that May wheat finally might not only sell at an even price with July, but possibly go to a discount.

Liverpool futures closed quite weak, showing a decline of 5/8 to 7/8¢ per bu. Foreigners were very much puzzled by the amount of wheat which was supposed to have been purchased by Portugal, if any. Some claim about 2 1/2 to 3 million bu had been worked; others denied it; some even went so far as to name the countries from which the sales were supposed to have been made. Then again it was claimed that no trade had finally been consummated, as the wheat was purchased by Portugal on credit and no terms have as yet been agreed upon. We ourselves do not see that it will cut much figure in the end, as that country with its few million inhabitants would only take a very small quantity of wheat, probably 2 or 3 million bu, and whether they buy it now or later we do not see that the time of shipment can make such a difference.

Estimated Argentine shipments this week are again very light-- only 1,947,000 bu compared with 7,477,000 bu last year same time, certainly a great falling-off. It is true Black sea shipments, including those from South Russia, were larger-- 1,320,000 versus 496,000 bu in 1937 same week. However, what everybody was hoping for (that part of this deficiency would be made up by the United States) does not seem to be materializing.

According to the Department of Commerce, the week ended January 22, the United States exported only about 2 million bu of wheat and flour, which does not make much of a hole in our stocks. This, particularly so as the domestic flour business continues to be disappointing. According to the Northwestern Miller's compilation, the flour production for the season to-date, which represents about 60 per cent of the total United States production, was only 37,287,000 barrels against 38,454,000 barrels in 1937. Considering that this season we exported up to date almost 1 million barrels more flour, our domestic consumption must have been at very low ebb.

Primary receipts are very light, being only 275,000 bu compared with 529,000 bu a week ago, and 166,000 bu the year before. Stocks at Kansas City and Minneapolis so far this week show an increase of 69,000 bu; therefore, we look for only a moderate decrease in the visible supply on Monday.

At the close our May wheat showed an advance of 3/8¢ per bu.

Corn receipts are also very light, primaries being 392,000 bu versus 929,000 bu last week and only a little larger than in 1937 when they were 322,000 bu. However, we hear of very little new export business, and while there is no pressure at the moment, it is well known that supplies in the country are very large.

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CHICAGO MERCANTILE EX.

CHICAGO January 28, 1938.

The United States Department of Agriculture in its monthly report of January 25th on the wheat situation makes very interesting reading. Their conclusions as to the wheat supplies at the beginning of the next crop-year, July 1st, do not vary at all with the figures, which for some time have been accepted by the trade: namely, that the world carryover on July 1st will be only about 30 million bu larger than last year, but there is a great deal of difference in the location of the wheat. For instance, the United States will have a carryover of 200 million bu compared with only 91 million bu last year, but Canada and the Southern Hemisphere will have less than last year. They mention, however, that the fall rains over the Prairie Provinces of Canada have been the best since 1933; and conditions in Europe, where early indications point to some increases in acreage, are generally good. They come to the conclusion that if the world production is larger in 1938 than in the past year, world prices may be expected to decline from the 1937-38 level unless demand is increased beyond present indications.

It is much too early naturally to figure that a large crop will be raised in Canada this season, but as extremes, such as bumper crops or crop failures, are exceptions, it would be safer to assume that the three Prairie Provinces the coming season might have average yields, which would be a great deal more than was harvested last season. Such an event in our opinion would overshadow everything else unless there would be a failure in the United States crop to offset additional quantities raised in Canada. For the present there is nothing in sight to assume that this will happen.

The Kansas Weekly Weather and Crop Bulletin under date of January 25th claims that soaking rains fell slowly and soaked into the ground over most of the eastern third of Kansas during the past week, and light rains fell in the north central and northwestern counties. The south central and southwestern part of the state had little or no fall of moisture. The winter wheat crop prospects continue very poor over much of the western third of the state as a result of continued moisture shortage and severe dust storms which occurred. Extensive damage has already occurred to some wheat in the southwestern part of the state; soil moisture is short over most of the eastern half of the state but average spring rainfall would be sufficient to produce a good wheat crop. Therefore, anything is possible yet. In other words with practically the largest acreage ever put into the ground, with the exception of last year, a great deal of deterioration might take place in the western counties, and Kansas, the most important of all states, might yet make a very fair showing. We think that the outlook in Oklahoma and Texas is even considerably better than that of Kansas.

In the meantime we seem to be suffering from lack of new export business. The Portuguese demand as a market factor seems to have played out. It is generally assumed that Portugal purchased some wheat on the Pacific coast and shall probably buy a little more, but it will be so scattered, and after all, so insignificant compared to the total amount of surplus wheat which is in the United States that it will not be important. Europe continues to praise the quality of our wheat but is not coming in with any large orders. Possibly this may be accounted for because there is such confidence on part of some of our large exporters that the wheat willbe eagerly wanted, that there is more consigning going on than usual, and quite a few cargoes seem to be clearing before having been sold, which seem to find a ready market while the wheat is in transit or after it arrives.

In the meantime, however, the domestic demand also remains very poor, and according to the Northwestern Miller sales by mills in that territory during last week were only 21 per cent of capacity versus 20 per cent the preceding week, and 26 per cent a year ago. In the Southwest bookings were only 11 per cent against 14 per cent and 29 per cent. Buffalo's buying was also at very low ebb. The

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total production for the week ended January 22 was 1,249,000 barrels against 1,272,000 barrels a year ago, requiring only 5,625,000 bu to produce that quantity of flour.

Liverpool wheat cables for the day advanced 1/2 to 5/8¢ per bu compared with the previous session. They were largely influenced by purchases of Germany in the Argentine and stronger markets at Buenos Aires. Furthermore, there is no pressure at the present time from any of the exporting countries, and Argentina and Australian clearances made again a very poor showing for the week, only 5,362,000 bu compared with 11,012,000 bu in 1937, a difference of 5,650,000 bu, which will be made up only to a very slight extent by the other exporters, such as Black sea countries and North America. We, therefore, have to count on another week of small world shipments, indicating a much slower European demand this year. We believe these unfavorable comparisons will continue for some time, as during the whole month of February last season shipments from the Southern Hemisphere were very large, which will not be the case this season.

United States official exports of wheat and flour for the month of December were given out today as 9,277,000 bu, but this includes some flour milled in bond; and since July 1st, or for the first six months, the total exports were a little less than 42 million bu, which again includes Canadian wheat ground in bond; therefore, the net amount probably will not exceed 40 million bu, and ordinarily these are the best six months for United States wheat exports.

Primary receipts of wheat continue to be light, 367,000 bu compared with 272,000 bu last year. Stocks at Kansas City, Duluth and Minneapolis so far this week show a small increase of 123,000 bu, and we doubt whether the total decrease in the visible supply next Monday will be as large as it was the corresponding week last season, when it amounted to 2,616,000 bu.

The official forecast indicates some precipitation for both Kansas and Nebraska. Our own forecaster expresses his doubt, but if the former is correct it would be very important and ought to be an influence on the market tomorrow.

Trade again was extremely light without much incentive for new investment buying. The market dragged and at the close showed a decline of 1/2¢ per bu for the day.

Export business in corn continues on a small scale, but the price finally, as always, will depend upon domestic conditions. We believe that supplies in the country are too large to make it likely that present values will be maintained and that later on we shall have a much heavier movement, unless the outlook for the next crop becomes unfavorable.

Primary receipts were 439,000 bu compared with 1,010,000 bu last week and 523,000 bu in 1937. It is almost unbelievable with the crop so much larger than that of last season that there should be even a day when receipts are lighter, and it certainly shows a holding tendency on part of the farmer.

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CHICAGO MERCANTILE EX.

CHICAGO January 29, 1938

The large purchases on part of the Portugal government had no permanent effect on values either here or at Liverpool. It is estimated they amounted to between 2,200,000 and 2,400,000 bu. It is assumed, of course, that this quantity will last that small country for a long time, if not for the balance of the season; therefore, similar purchases by Portugal are not likely to be repeated. However, the fact that the orders came mostly to this country and did not go to Australia, as was expected, and that a large part of it was for #2 red wheat, which variety so far had been very much neglected, had a steadying influence on May wheat compared with the July.

Inasmuch as hard wheats are bringing a premium, and as #2 red wheat is the kind which is supposed to be available for delivery on May contracts, any large inroad on the soft wheat stocks might later on affect the size of deliveries at Chicago. From what we can learn, however, there is plenty of wheat available just now East of here--Baltimore, and also some at Montreal, St. Louis, etc., and it is not likely that for the present any of this wheat which was sold will come out of Chicago. But should these other terminals reduce their stocks considerably, some better demand for the red wheat might later on come here. However, the total quantity of possibly one million bu, or more, of this red wheat which has been worked should not be a determining factor, provided other countries continue to give the Southwest hard wheat the preference over all other kinds.

The main market factor today was the good outlook for moisture in the Southwest, where it is badly needed, and both the official and private forecasts indicate that rains or snows might be expected in the next 24 to 48 hours. In fact, the long-time prediction seems to hold out hopes that a change from the dryness which has existed for so long might be in sight.

Primary receipts of wheat continue to be light, 341,000 bu compared with 492,000 bu last week, but only 235,000 bu last year. Stocks at Kansas City and Minneapolis show a decrease of only 86,000 bu, but we think Chicago will also show a fair-sized decrease as the total receipts for the week were only 341,000 bu, while the shipments were 665,000 bu.

The open interest continues to decline, the decrease yesterday being 1,154,000 bu in wheat, and the total is only 90,394,000 bu, a great deal less than it was early in the season. It is always difficult to bring about sharp advances where speculation is so indifferent. At the close May wheat showed a decline of 3/4¢ per bu compared with yesterday. July and September were comparatively weak, partly influenced by the prospects of more favorable weather affecting new crop conditions.

Corn receipts were a trifle larger, being 608,000 bu versus 881,000 bu last week. The total volume of trade yesterday in corn was only 2,713,000 bu, divided among the three futures, May, July and September, which also shows that at the present time no very pronounced opinions exist and that nobody ventures very far from shore. The market is largely influenced by the action of wheat, but we feel that later on the movement will increase very heavily and that the price seems to be plenty high enough considering the quantities which are available for all needs, probably leaving a big surplus to be stored at terminals.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO January 31, 1938.

The fact that rains or snows which had been expected for the Southwestern states did not materialize would ordinarily have caused considerable buying, particularly of the deferred futures, and might have under certain conditions produced rapid advances in wheat. This did not occur, however, and must be attributed to the continued poor demand for cash wheat both abroad and here, and in turn hampers our export business.

As far as the world demand is concerned, exports during the last week were again very small, being only 10,690,000 bu compared with 14,542,000 bu last year, or almost 4 million bu less. Up to date since July 1, or for seven months, there is a decrease of approximately 32 million bu in importations.

As far as this country is concerned, according to the market review of the United States Department of Agriculture, under date of January 29, disappearance of stocks for the first six months of the crop year was 431 million bu, and deducting approximately 35 million bu for export would leave 396 million bu for domestic consumption for all purposes, including seed for the winter wheat. Last year at the same period the disappearance was 389 million bu, to which 25 million bu of imported wheat should be added, making a domestic consumption of 414 million bu, or a reduction of about 18 million bu compared with last year. This we presume would be due to a smaller amount of wheat being fed to animals, supplies of corn, oats and other feedstuffs, of course, having been much more liberal of late.

The same conditions we expect will continue in the United States. We also assume that with the much decreased demand for wheat on part of both Italy and Germany the Continental demand the remainder of the year will also be subnormal. Nevertheless, we may easily figure that even with reduced requirements from abroad all the exporting countries, outside of North America, could not possibly furnish the irreducible minimum amount of wheat and flour needed to feed the foreign populations, and that a moderate quantity of United States wheat will be wanted under all circumstances. How much it will be is difficult to predict at the moment. We think hopes of a very large business seem to be out of the question now, but the quantity which was cleared this week of 7 1/2 million bu, outside of North America, will probably be the maximum put afloat weekly from the Southern Hemisphere and Black sea ports, so that there is still a possibility that North America will be able to sell weekly about 2 1/2 to 3 1/2 million bu; possibly the same as this week, or 3,600,000 bu. Out of this quantity Canada probably will not furnish more than 1 million bu.

This, however, should not reduce stocks in this country sufficiently, and it seems more and more as if our carryover on July 1st would be close to 200 million bu, or at least twice as much as it was on the first of July, 1937. All available statistics point in this direction. This figure is arrived at by taking the government figures of wheat in all positions, including on farms, in elevators, mills, etc.; and adding to this the commercial visible supply it would show that on January 1st, 150 million bu more wheat was in this country than last year same period. This would permit exports during the six months from January 1st to July 1st of 50 million bu, and yet even with a normal domestic consumption leave that quantity left over. However, this would fall into insignificance should the new crop deteriorate so that in spite of the large acreage the net result would be very disappointing. At the present time the outlook in the soft winter wheat states remains satisfactory, but the fate of the southwestern crop is in the balance unless there are timely rains. There is no reason, however, at present to be an alarmist about the outcome because there is plenty of time for a

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change for the better with timely and seasonable rains, but we just feel we have to point it out as a possibility.

Primary receipts continue to be light, particularly considering the fact that farmers' holdings are so large. Receipts today were 457,000 bu compared with 693,000 bu last week, and 363,000 bu a year ago. We believe they would increase rapidly should weather conditions so change that farmers would be more assured of the outcome of the crop now in the ground. The visible supply decreased 2,674,000 bu --much the same as a year ago when there was a decrease of 2,616,000 bu. The total is now 24,616,000 bu more than in 1937.

At the close our May wheat showed an advance of 1/4¢ per bu compared with Saturday.

Offerings of corn from the country showed a heavy increase all of a sudden, causing a much weaker market. We have pointed out frequently th t with the large stocks which are still left in the interior that a heavy movement might come unexpectedly any time. Export business is poorer, and with the smaller number of animals on feed, we do not see how the very large crop which was raised this year can possibly be absorbed, and stocks may prove to be very burdensome later on.

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DAILY MARKET LETTER

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CHICAGO February 1, 1938.

All the news affecting wheat prices was rather constructive today. Liverpool cables closed 1 to 1 1/8¢ per bu higher, being influenced by the strength at Buenos Aires, and the continued dryness in the western wheat belt of the United States. Private reports, as well as those of the railroad companies which traverse large territories in the Southwest, laid great stress on the extreme dryness which has prevailed now for such a long time, and which endangers the new crop more or less. However, they do not all consider this situation as entirely hopeless as yet, believing that immediate rainfall or at least moisture in a very short time could still be very beneficial, as the actual damage done so far has not been very great. It is more the fear of what might come which creates the great anxiety. The situation in Kansas and in some parts of Nebraska and Texas is quite extraordinary.

According to the Weather Bureau stations, total rainfall for January 1938 at

North Platte, Nebraska was	.06 inch
Goodland, Kans	.16
Dodge City, Kans	.01
Concordia, Kans	.12
Wichita, Kans	.10
Amarillo, Texas	.16

Average for 6 stations .10 inch.

The weather forecasters hold out some hope that there might be some rains or snows tomorrow in the western belt, where it is needed the most, but the prediction is prefaced with the word "probable"; so even the weather man is not quite sure that precipitation will materialize, but, of course, it might.

Another feature which is given some consideration now is the possibility of inflation. We believe that with the increased expenditures and the decreased revenues it is bound to come sooner or later. This apart from the wishes of the advisers of the administration. The gossip is that there is no strong desire for anything very radical, but if business needs this stimulant it is quite likely to be forthcoming. Past experience has shown that in countries where inflation once started it was not always possible to limit it easily, particularly if traders and consumers should suddenly have the fear complex that inflation would come, and in consequence start again on a buying spree which would naturally enhance prices. The action of late of the foreign exchanges where the dollar has been losing ground is also an indication of the opinions held abroad. We, ourselves, believe that in any case a commodity such as wheat would possibly be the least and the last affected, provided a sufficient surplus would be raised which would have to be absorbed first. Therefore, we consider it as a minor factor at present especially if the world wheat crop would turn out to be sufficiently large so as to furnish adequate supplies for all needs, and a surplus besides. At the present time there is hardly an exporting or an importing country which has a plentiful supply that is pressing on the markets with the one exception of the United States. Here, we believe that the final carryover on July 1st will prove to be even larger than previous estimates unless in the meantime the export business should grow to a much larger extent than is apparent now.

Today's foreign demand was again very insignificant. While this absence of new foreign orders is not being felt so much yet owing to the light movement, we still feel that farmers' supplies are so big that sooner or later much larger quantities will be offered for sale and buyers will have to be found somewhere.

Possibly this situation makes European millers so independent, and may be the cause of their very deliberate buying.

Primary receipts today were only 239,000 bu, but they were also very light similar day last year, when they were 147,000 bu. So far this week stocks at Kansas City and Minneapolis show an increase of only 4,000 bu.

At the close our May wheat was 1 1/4¢ per bu higher compared with yesterday.

Primary receipts of corn continue to be quite moderate-- 814,000 bu today versus 454,000 bu in 1937. The export demand is rather dull, and traders act in a very cautious way, expecting no immediate sharp fluctuations.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO February 2, 1938.

The Bureau of Agricultural Economics at Washington summarized the wheat situation showing supplies in the United States at the present time, and also made its estimate of past consumption and future requirements, from which the conclusion was drawn that our carryover on July 1st might not exceed 115 million bu after allowing for exports. This report was widely circulated and quoted, and many inquiries came to us asking whether we agreed with the figures.

To start with, their statistics as to comparative stocks in the United States on January 1st against last year agree with ours: namely, that in 1938 there was a total of 534 million bu in various positions, while in 1937, 373 million bu. So that on January 1st, everyone has agreed, there was 161 million bu more wheat in the country than a year ago. This being the case, we can make the further deduction that as the carryover on July 1st, 1937, was only 91 million bu, and furthermore assuming that the consumption during the six months' period from January 1st to July 1st would be approximately the same as a year ago, we would be faced with a carryover at the beginning of next season (allowing for no additional exports) of 252 million bu. If we assume that exports will likely not be over 50 million bu, there should be, according to our figures, 202 million bu of wheat, or even more, for carryover on July 1, 1938, and not 115 million bu.

Where we differ is apparently on the past and future domestic consumption. The official report claims there was a larger disappearance during the first six months this year than last: namely 430 million bu versus 389 million bu in 1937. However, no account is taken of the fact that a year ago we probably imported 25 million bu while this year we exported 35 million bu, or a difference of 60 million bu. Therefore, the domestic consumption during the current season was actually less, and not more. With the small production of flour since January 1st, which still exists, and also with the smaller amount of feeding to animals, our guess would be that home consumption and disappearance of wheat during the present crop year for domestic purposes would be less than the year before. We not only believe that the carryover will be at least 100 million bu more than it was last July, but that it is very likely to exceed that amount.

In this connection, the predictions of Stanford University, California, in its "WHEAT STUDIES" for January, are very interesting. They claim that with exception of the year 1931, when the May future was pegged, the July future has always gone to a premium over the May when the carryover on July 1st was over 150 million bu, and, they, therefore, express the opinion that this is likely to happen this season. We ourselves believe, as above mentioned, that it is shown conclusively that in all likelihood the carryover will be close to 200 million bu, and therefore agree and expect that July wheat will go to a premium over May, and consequently recommend the sale of May wheat and the purchase of July wheat. At the close of yesterday's session, open trades were as follows:

May wheat	60,807,000 bu
July "	26,648,000 "
Sept. "	3,625,000 "

While a spreading operation, as above suggested, may not show a quick profit, it will require patience and time before it can be consummated. As a general rule this narrowing takes place on a large scale when May wheat will have to be liquidated by the longs, or in April before delivery time.

Liverpool futures closed 1/8¢ lower for the July future, and 1/8 to 1/4¢ higher on the May and the March wheat; therefore, were no great influence on our price level here.

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Export demand is still lagging but the bearish effect of this was offset by the continued dry weather in the Southwest, and as long as this continues we may expect discouraging reports regarding the outlook of the coming crop. The Government Weekly Weather and Crop Report was rather unsatisfactory. Long experience, however, has shown that it very seldom pays to be too pessimistic at this time of the year, because the weather is fickle very often, and there were many years in the past when similar conditions existed, and when later normal or above-normal rainfall corrected this situation.

Primary receipts of wheat continue to be light, only 273,000 bu compared with 401,000 bu last week and 136,000 bu a year ago. We believe, however, that a larger percentage of the wheat moving is going direct to gulf ports and does not show up in the primaries; so we may rightly assume that the actual movement is greater than it would appear from the primary figures.

There is a moderate increase in flour sales and mill sales; however, even with the gain the flour business is still extraordinarily poor. Spring wheat mills in the Northwest sold on an average of 26 per cent of capacity compared with 21 per cent the preceding week and 33 per cent the corresponding week a year ago. Unfilled orders are about the same as those of a year ago, and mill operations are being maintained at slightly under 50 per cent of capacity. New sales in the Southwest averaged 18 per cent of capacity versus 11 per cent the preceding week and 28 per cent in 1937. Shipping directions improved and mills operated at 80 per cent of capacity.

At the close May wheat showed a decline of 3/4¢ per bu for the day, and July 1/4¢ compared with yesterday.

The corn movement is only moderate, 585,000 bu compared with 329,000 bu a week ago and 298,000 bu last year. With the absence of any important export business the market is draggy and we look for an accumulation of stocks and a wider carrying charge between May and July.

UHLMANN GRAIN CO.

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CHICAGO Feb. 3, 1938.

Liverpool cables showed an advance today of 7/8 to 1 1/2¢ a bu. Many reasons are given for the strength abroad, but the one factor which, in our opinion, overshadows all others is the light Argentine shipments amounting to approximately three million bu, compared with about eight million bu last year, and, of course, such deficiency could not be made up anywhere else, provided consumption abroad would be anything like normal. It is true that Black sea shipments are somewhat larger than last year --1,376,000 bu including 456,000 bu from South Russia, compared with a total of 792,000 bu last year when none was cleared from Russia. In all probability, Australia will furnish its usual quota, which will probably not differ much from 1937, same period, but Canada, of course, will ship less and the United States will make up for that and perhaps a little more. However, the total world shipments will again be very light by comparison with last year.

The fact that Spain has recently purchased three cargoes of Australian wheat, which was rather unexpected, helped to cause firmness abroad, and we fail to see any pressure as yet from any of the large exporting countries. It was also reported that about one-half million bu of hard winter wheat was disposed of over night, but as this is only an estimate, and as we ourselves did not share in the business --in fact, have had no inquiries-- (something which very seldom occurs when there is a big export demand) we doubt very much if the estimate is correct. This so-called export business sometimes takes place between one exporter and another, and, therefore, the actual clearances do not always come up to expectations. However, we believe there are still fair amounts of wheat on the books and ready to be shipped as steamers arrive, but the quantity is very much smaller than it was on January 1st, and in order to keep up clearances at the rate they have taken place from the United States, we believe it will be necessary for a great deal more business to develop.

The wheat market here undoubtedly would have been stronger than it was under the circumstances, were it not for the fact that there was another sharp decline in Wall Street stocks, which causes a discouraged feeling and traders and speculators are always very careful about buying wheat or any other commodity when the trend of other commercial values is not in harmony with an advancing tendency in general. The chief influence, however, for the present is the new crop outlook, and as long as one hears of so many discouraging reports about soil conditions in the Southwest, and continued dryness, it will require more than ordinary pressure of old wheat to cause declines. Yet it always must be borne in mind that the weather might change and any good-sized rain could change the situation, although there again it must be recognized that this is not the period of year when, as a general rule, moisture in the Southwest is frequent.

Primary receipts continue to be light, being 290,000 bu compared with 215,000 bu last year; stocks at Kansas City and Minneapolis are decreasing, up to date amounting to 222,000 bu, indicating another fair-sized decrease in the visible supply next Monday.

Very heavy export business in corn was reported, some of it for shipment when navigation opens, confirming the belief that with the light stocks left in the Argentine, and their poor crop prospects, this country will be called upon right along to fill the gap and we may continue to be exporters for quite a while. Receipts, however, are increasing somewhat, and primaries today were 857,000 bu compared with 392,000 bu last week and 369,000 bu last year. Farmers' stocks are still very large and we undoubtedly can easily spare a fair-sized quantity for export without feeling it. Of course, if crop prospects should be less promising later on than the crop on which we are now working, it would have a tendency on part of farmers to hold back and they will not sell as freely. The fact that our domestic consumption is only moderate, on account of the small number of animals on feed works against any very sharp advances, but we believe the present price is reasonably fair considering everything.

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CHICAGO MERCANTILE EX.

CHICAGO February 4, 1938.

Inasmuch as no precipitation of any consequence occurred dur-ng the last 24 hours, and as there are no indications of any change n weather conditions, the foundation for stronger markets was laid his morning, provided there would be a stimulant of any kind. his took place when it was reported officially that two planes rom the Nationalist Base in Majorca Island, in the Balearics, ombed and sank a British steamer. Active buying took place im-ediately. The war specter appeared on the horizon in the minds of raders and during the early session a sharp advance took place, hich, however, did not hold entirely. The trade acted as it would ave done five or ten years ago under similar circumstances, but reat changes have taken place in the world in the meantime. Every-ody is so afraid of a possible major war that a great many insults are being tolerated by the biggest nations before making reprisals. t is figured that it will take England probably two more years be-ore her armament program is complete, and in the meantime, she is illing to take a step backwards here and there to be ready to take wo forward when the proper time comes. England is preparing to gain be the policeman of the world and be so fortified that nobody ares to attack her, or even take any chances of a possible conflict here she would be on the other side. However, the time is not yet eady for her to take a militant stand and her statesmen are exercis-ng the greatest patience now, feeling that finally this will bring bout the best results. So far, this policy seems to have worked easonably well, because she has not given up anything yet worth hile which cannot be recovered in due course of time.

Liverpool is evidently feeling this way, as there was no excite-ent over there at all, and their cables actually showed only 1/4¢ er bu higher on March and May wheat and 1/8¢ lower on July. This aturally had some modifying influence here after the first excite-ent was over, and the trade again became very dull. Actual export usiness was rather poor, both in Manitobas and United States hard inter wheat, although a little might have worked. According to ashington reports, the clearances from here during the week ended anuary 29th were only 1,269,000 bu of wheat and 27,000 barrels of lour. The total exports of both wheat and flour for practically ven months (July 1st to January 29th) were only 43,818,000 bu. hipments of late have been heavier than new business which was con-acted for, and it is our opinion that the amount on books of ex-orters actually sold and not yet shipped has been reduced consider-bly. Therefore, we expect that starting in March clearances will e considerably lighter than heretofore, unless many new orders come n the market in the meantime, of which there are no signs at the resent time.

It seems that estimates of the Australian crop are being raised, he crop turning out better than expected, and the exportable surplus n that country at the present time is estimated at about 86 million u, compared with 78 million bu same time a year ago. This would ermit of quite heavy weekly clearances from now until July 1st, when ur new crop will come into competition, provided it is not intended o carry over a large amount for the last six months of their crop ear. The assumption, of course, would be that Australia would ship ust as fast as the market will take it, as the possibility exists hat both United States and Canada might become more important com-etitors next year. This might be the case, particularly insofar as anada is concerned, as this year's crop was probably the smallest n about 20 years, increase in acreage considered, She seems to be easonably favored with moisture up to now. The normal precipitation rom September to January at important wheat-raising stations in that ountry averages about 4.12 inches, while this year they received .83 inches. Of course, this is no guaranty as to the final outcome, ut it is at least encouraging and one has to consider that should he Canadian crop be 100 to 150 million bu larger than last year--hich would not be a bumper crop by any means, but just a fair one--he might again displace the United States almost entirely so far as xport business is concerned. This, of course, is on the assumption

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that Europe might raise good crops and the outlook there at the present time is favorable. Should this happen, it would not be necessary for the United States to raise a very large crop, but one even a trifle below average would give us more than a sufficient amount for home consumption, and with approximately 180 to 200 million bu which are likely to be carried over, no high prices would be in sight.

This we presume is the reason why speculators consider the present price for July and September wheat around 90¢ still debatable, and as long as these futures do not advance much, we can see but little hope for the May future, which is at a premium, although everyone is aware of the fact that at least this year there can be no fear of any shortage of supplies.

Primary receipts continue to be very light --290,000 bu today compared with 367,000 bu a week ago; shipments are actually larger than receipts, amounting today to 515,000 bu. This would indicate further decreases in the visible supply on Monday.

The corn market showed a firm undertone during most of the session. Export business continues, but on a much smaller scale today than it was yesterday. However, it appears as if Argentina could not furnish sufficient supplies for European nations, as she did in former years, and that we will continue to share in the export business. Primary receipts today were 732,000 bu against only 347,000 bu a year ago. Farmers' holdings are large, and unless the coming crop outlook should be poor next spring, we think corn will come forward to terminal markets in larger quantities, thereby preventing any sharp upturns.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO February 5, 1938.

We are advised that a letter addressed to the Bureau of Agricultural Economics regarding their market review under date of January 29th from Washington brought the following answer:

"The statement concerning the quantity of wheat remaining for export during the next six months or for carryover at the close of the season is incorrect through an error in calculation. The allowance for milling and other domestic utilization during the remainder of the season should be around 275 million bu instead of 350 million bu. If 275 million bu is allowed for milling and other domestic utilization during the remainder of the season about 260 million bu would remain for export during the next six months or for carryover at the close of the season."

The error was so plain that others as well as ourselves had pointed out repeatedly that a mistake in calculations must have been made previously; in all our market letters we insisted that there is likely to be a carryover on July 1st of 190 to 200 million bu, which is now officially confirmed. We think the trade will take this figure as nearly correct as can be estimated at this time.

This, of course, would be all-important later on if the new crop would bring fairly decent results. At present the trade is very much impressed with the lack of rains in the Southwest, probable crop scares and a possible short crop, but we feel that with the large acreage, extremely low final yields are very unlikely, even assuming the 57 million acres should be reduced by a 20 per cent abandonment. This we consider very high and way above the average, but, of course, it is very dry, and we would rather err on this side than on the other. It would mean an abandonment of 11,400,000 acres, and would still leave 45,600,000 acres to be harvested. The ten-year average of winter wheat yields is 15.2 bushels per acre. The lowest yield recently was in 1933, of 12.4, which was a great drought year, and we have no reason to believe that this year we shall see anything worse than what happened before in the worst calamity year. On this yield, the winter wheat crop on the acreage indicated would be 565 million bu, and assuming a fair estimate on spring wheat would be 200 million bu, we would have to deal with 765 million bu next year to be harvested, Adding to this 200 million bu to be carried over, or 965 million bu, it would give us practically as much wheat as we had this season. Our chances for export probably would be less if Canada should raise more wheat, so there is no reason as yet to become excited on account of the present lack of moisture in the Southwest.

We are of course taking a long-time view, and in the meantime we have to consider all the emotions and fears which will prevail during the crop-growing period, should the weather continue to be unfavorable.

Just now we have to deal with a situation where there is very little pressure, as farmers' sales remain extremely light. Primary receipts today were only 304,000 bu compared with 341,000 bu a week ago; for the week they were 1,853,000 bu versus 2,342,000 bu the week before. Prospects are for another decrease in the visible supply on Monday --probably as much as a year ago, when the decrease was 2,260,000 bu. In consequence, hedges have to be removed right along, and as long as there is no urgent liquidation with the hope that Europe will be a moderate buyer, there is no pressure at the present time. Therefore, no great or sudden breaks are in sight.

There is also moderate encouragement in the Liverpool news, their futures closed quite strong today, reporting an advance of 5/8 to 1¢ per bu compared with the previous session.

There was some export business done overnight, but as we have the wheat to spare unless the demand should be extraordinary, it should not be a particularly bullish influence. In fact, it will even be necessary to export about 40 to 50 million bu from this time forward to bring the final carryover down to the 200 million bu mark.

At the close our May wheat showed a decline for the day of 3/8¢.

In the absence of much export business in corn the market was rather draggy, particularly as receipts are keeping up at a fair rate. Primaries this week were 4,743,000 bu compared with only 3,047,000 bu last week, and of course much larger than last year same period when on a short crop only 2,626,000 bu were received.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO February 7, 1938.

There was very little incentive in today's news for traders to either change their previous positions where they had assumed any, or to take any new risks on either side of the market. The demand for actual wheat continues to remain very poor everywhere, but this depressing factor at the moment is entirely offset by the absence of rain in the Southwest and until a large part of the acreage in the Southwest is favored with moisture, new crop conditions will remain more or less of an uncertainty. The fact that the actual damage so far is only very slight prevents prospective bulls from taking an aggressive attitude, and at the same time those who look for lower prices on account of the prospective large carryover, cannot be induced to play the short side, fearing that at least the possibility exists that we shall have crop scares later on, therefore making it inadvisable at the moment to venture far from shore.

Cables today showed a decline of 1/2 to 5/8¢ a bushel, and according to Broomhall, the estimate that the probable carryover in the United States will be 100 million bu larger on July 1st next than it was in 1937, was a factor; also, heavy offerings from Australia continue and a large business is being daily transacted between that country and Europe. Ordinarily this fact would easily be offset because other exporters are furnishing only very moderate quantities to supply the total needs, but it seems the Continental countries can get along with very few importations this year, compared with last, and therefore, very moderate world shipments seem to be sufficient for all purposes. This week's wheat and flour world exports were only 10,868,000 bu compared with 15,474,000 bu similar week in 1937, and total importations for a little over seven months so far are about 36 million bu less. The contributions this week from the Southern Hemisphere were more than five million bu less than last year, and in all probability the Southern Hemisphere will continue to lag right along in the way of comparison. In 1937 the contributions from the Argentine alone were as follows:

February 11th	-	7,024,000 bu
" 18th	-	7,896,000 "
" 25th	-	8,760,000 "

and on March 4th, the maximum was reached with clearances of 9,108,000 bu. There was some decline afterwards, but during the entire month of March shipments were very heavy, and only towards the end of April did they decrease to rather small proportions.

A short time ago it was hoped that the United States would be called upon to make up this deficiency in Argentine shipments, particularly as at the same time last year Canada shipped very heavily, but cannot do so this season. These hopes, however, are gradually diminishing because coming events cast their shadows ahead, and so far there are no indications whatsoever that Europe has any intention of buying our wheat in large quantities. It is not impossible that later on this might change to some extent, but every week that passes without any new large orders, the chances diminish for an extensive wheat and flour export business from this side. Today again we had no reports of any large wheat sales made from here, and it will only take about four more months, even if our new crop is not quite ready by that time, when foreigners will prefer to buy new crop wheat which will be obtainable at lower prices, based on the discount for the futures, unless urgency for supplies would be very great. Therefore, we feel that so long as July wheat and September wheat are selling at a discount every large processor, both in this country and abroad, will buy only such amounts of old wheat which are absolutely necessary to carry on, and if this theory is correct, there is no reason why later on May wheat should not sell at even price with July, or possibly at a discount.

Primary receipts were somewhat larger today, but still they must be considered as rather small taking into account the size of

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this year's crop, being 587,000 bu versus 457,000 bu last week, and 378,000 bu a year ago. The visible supply, however, showed another very large decrease --3,068,000 bu compared with 2,262,000 bu in 1937 similar week. Total stocks are now 69,309,000 bu, or 23,809,000 bu larger than a year ago. These steady and large decreases in the visible supply are a surprise to everybody, particularly where there is so much talk about the poor domestic flour business; and actual statistics seem to confirm this. The decrease today was again very largely at Buffalo, making up over 25 per cent of the total, but the market seems to be indifferent; some day farmers who are holding the largest quantities may sell more freely and then these big decreases may diminish considerably.

Trade was extremely light; last Saturday the total volume of wheat trading was only 10,318,000 bu, and in all cereals only 12,488,000 bu.

At the close the May future showed a decline of 1/8¢ per bu.

Corn receipts were fair 905,000 bu compared with 1,014,000 bu last week. The visible supply decreased 1,046,000 bu, but is still very large, being 38,128,000 bu against only 13,814,000 bu the previous year. There were heavy changing operations, large traders selling the May and buying the July at about 1¢ difference, it being assumed that the large stocks available and the heavy holdings on part of farmers will prevent scarcity at any time, and carrying charges will have to be paid on the accumulated corn in elevators.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
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COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO February 8, 1938.

There is absolutely nothing going on in the wheat trade at the present time to stir the imagination of anyone. Domestic millers find their trade rather dull, with hand-to-mouth flour buying, and consequently they pursue the same policy and are not making many wheat purchases ahead. The same conditions exist in Europe. As far as the United Kingdom is concerned, wheat is arriving in sufficient quantities for their needs; therefore, later positions are quiet with very little speculative interest. The largest quantities being received now originate in Australia and they are going right into consumption. There was some export business done over night from North America, in which both Canada and the United States participated, but the total volume probably was not over 600,000 bu, of which possibly the United States contributed 400,000 bu. Such amounts of cash wheat are easily obtainable without affecting the market, and, therefore, so far as the cash trade is concerned, there is no aggressive buying and premiums in the Southwest are at best only steady, but probably are somewhat lower than the highest premiums paid earlier in the season.

The total volume of wheat trading yesterday was only 8,860,000 bu, a quantity which in exciting times in the past has frequently been handled by one large commission house. When this quantity is divided among May, July, and September futures, a good share probably being changed between May and July, or July and September deliveries, the actual amount of net purchases or sales must have been at very low ebb. Even the continued bad weather in the Southwest, where they have had no rains, does not seem to bring in many buying orders, although it creates a somewhat bullish feeling. Owing to the fact, however, that one good rain within two or three weeks might change the picture, prompts the majority of thoughtful operators to wait for a while and make quite sure that there will be actual damage and not the prospective damage which is in sight at the present time.

Liverpool cables show unchanged for May and July futures and a decline of 3/8¢ for the nearby one, March.

Primary receipts continue to be light --only 277,000 bu, which while much larger than a year ago when they were 157,000 bu, must be considered as very unsatisfactory, as shipments were almost twice as large --575,000 bu, compared with 228,000 bu last year. Minneapolis and Kansas City so far show a decrease of 70,000 bu, and as long as receipts continue to be so light, undoubtedly the visible supply will continue to decrease.

At the close of the session, the market for the May future shows an advance of 1¢ per bu for the day.

Corn receipts were very light today, primaries being only 528,000 bu compared with 384,000 bu last year. Shipments were actually larger than receipts --653,000 bu, and with a little export business going on from time to time, there is no new pressure and the market could advance a little. However, we feel confident that sooner or later heavier movement will set in, particularly if spring planting should be at all normal so that the farmer will be looking ahead thinking about the next crop and letting his old stocks go.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO February 9, 1938.

It appears to us that it would be injudicious to recommend either the purchase or sale of wheat unless one could feel that in looking ahead there would be a probability of an advance or decline of at least 5 or 10¢ per bu. If one could not even reasonably hope for such a fluctuation, assuming that one's judgment would be correct, it certainly would be hazardous to make a prediction of any kind. We do not see at the present time that any such variation from the present price is likely to take place, unless events which cannot be foreseen at the moment should enter into the picture so that a different view later on must be taken and recognized.

As far as a sharp upturn is concerned, we do not think it is very likely to be justified on the old-crop situation, because there is plenty of wheat left for all needs both here and abroad, with a possible world carryover considerably larger than the last one. Prospects for the new crop also do not as yet justify extravagant prices for next season unless there should be continued deterioration and a further long absence of moisture, particularly in the Southwest where in parts the crops are suffering at the present time. The planted acreage in winter wheat is so big that it will take more than the normal damage to reduce final yields to the extent of the last four years preceding this one. On the other hand, farmers are sufficiently independent so that they are likely to continue to market their wheat in an orderly way, and if this should be the case with the sporadic export demand which exists there is no particular pressure justifying any sharp breaks. We, therefore, are likely to have only moderate fluctuations right along, and sentiment will play quite an important part. We believe the fact that security prices have shown a much firmer undertone the last few days was quite helpful to the psychology of traders.

Liverpool is very largely influenced by the news which is sent over from here, and the better markets yesterday in all North America, including Canada, gave them a firmer undertone, with futures showing an advance of 3/4 to 1 3/8¢ per bu. This despite the fact that the final official estimate on the Australian wheat crop is now placed at 170 million bu, which would indicate an exportable surplus of between 115 to 120 million bu. However, as she is the only large exporting country now, Canada, Argentina, and the United States furnishing only very moderate quantities, we do not think this will prove particularly burdensome. Assuming that about 70 per cent of the surplus of about 115 million bu would be shipped during the first six months up to July 1st, leaving only 30 per cent for the remaining six months, it would mean a quantity of approximately 80 million bu, or 3 million bu a week. Considering that about 9 1/2 million bu will be needed weekly by the importing countries, it will still leave lots of room for the other exporters to supply the needs.

Broomhall estimates that from now on the United States might be called upon to furnish about 45 million bu up to July 31. However, during the month of July we shall be able to ship lots of new wheat, so that this estimate would have to be reduced from 5 to 8 million bu, as far as the old wheat is concerned. If we assume that only 37 million bu would be needed from here until the 1st of July, of which perhaps 7 million bu had been already sold but not yet shipped, it should be only a trifling matter to supply these wants.

Primary receipts continue to be very light, 287,000 bu compared with 219,000 bu last year when the crop was so much smaller, and some traders are commencing to think that possibly the crop might have been overestimated, as these receipts should show up larger. We do not share this opinion but rather believe that the primary movement is no longer indicative of the size of the crop or of what is going on in the way of a movement as in past years. This for the reason that lots of wheat is received now in territories not included in the primary receipts. For instance, Oklahoma and Texas, raising about 100 million bu hardly shipped anything to markets

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which show up as primaries. Among those to report daily are Indianapolis, Milwaukee, Peoria, and Sioux City, all very unimportant. These markets up to date have handled only about 13 million bu, and we believe that Enid, Oklahoma alone, which is not among the primary markets, might handle as much as those together. Kansas City shows another large decrease overnight amounting this week to date to 456,000 bu, and the demand for this hard wheat which is chiefly tributary to the southwestern markets is so good that it is disappearing very fast. Kansas City so far on this crop handled 86,240,000 bu, and has only about 13 1/2 million bu left. We still believe that when it comes to a final showdown the only kinds of wheat which will be left at the end of the crop will be largely on the Pacific coast and in the soft wheat territories.

At the close the market showed an advance of 1/4¢ per bu for the May delivery for the day.

Corn receipts are rather light, primaries being 487,000 bu compared with 585,000 bu a week ago; shipments were almost as much at 446,000 bu; therefore, making it likely that we shall have a decrease in the visible supply next Monday. There is a little export business going on right along, but the trade expects that on any advance farmers' sales will increase, and is, therefore, not in the mood to make heavy investments at present levels.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO February 10, 1938.

In our market letter of January 17th, we wrote in part as follows: "It would not surprise us a bit if during the next thirty days the wheat price level might be much the same as it is now." On that date, May wheat had closed at 97 1/4¢ and July wheat at 91 1/2¢; therefore, since then May wheat declined about two cents a bushel and July wheat is practically unchanged. We believe we are justified in repeating the same prediction for the next thirty days, unless something very unexpected should happen in the meantime; this for the following reasons: As facts we think we know that on July 1st next, both the world carryover and supplies in the United States, will be much larger than on July 1, 1937. We also know that a very large acreage for winter wheat has been planted. On the favorable side for probable yields the coming season, are the reasonably good prospects in Europe at the present time, better moisture condition in the spring wheat territory than for years, and also more precipitation in Canada than last year, which makes it unlikely that the disaster of last season will be repeated, and that there might possibly be an average crop, but the lack of subsoil moisture which had been created during the last four years has not yet been restored which makes the situation not a sure one. To offset this is the continued absence of snows or rains in the Southwest, where conditions are, to say the least, very precarious at the present time. The weekly Kansas Weather Crop Report states that in the eastern counties of Kansas wheat prospects continue unfavorable, with some improvement noted as a result of recent rains; however, this is a small territory. They also claim that a decline in condition is indicated for the central counties and a large portion of the wheat acreage in the Southwest already has been completely destroyed, or is in a very poor condition. Inasmuch as the state of Kansas has an acreage which is almost one-third of the total winter wheat planted, and as there are also other parts in Nebraska and Oklahoma --possibly Montana-- which are not at all promising, no sharp depressions in prices are in sight unless the drought in that part of the country should be greatly relieved. Therefore, this situation is offsetting the fact that export and domestic demand remains disappointing. Weather conditions later on will determine which side will become more important and gain the upper hand.

As far as we can learn, there was little new export business in American wheats contracted for today, and wheat and flour exports this season amount to 45,467,000 bu in almost 7 1/2 months. They would have to be as much in the next 4 1/2 months to reach the total of 90,000,000 bu which was estimated as being wanted from the United States by the importing nations, and we doubt whether this limit will be reached. This, despite the fact that Argentine shipments continue to be extremely disappointing, clearances this week being only 2,388,000 bu compared with 7,008,000 bu last year. Black sea shipments were somewhat larger but still trifling, but in excess of last season --800,000 bu versus 688,000 bu. This includes 296,000 bu shipped from South Russia where none was cleared a year ago, but Liverpool futures were affected today when it was reported that Russia is again offering wheat in somewhat larger quantities. We assume, however, that this will not develop into large proportions, but nevertheless, so long as the continental demand remains as poor as it is, any addition from any quarter has some effect. At the close Liverpool futures showed a decline of 1/2 to 1¢ a bushel, compared with the previous day.

Primary receipts were somewhat larger than recently --404,000 bu versus 290,000 bu a week ago, and stocks at Kansas City showed a decrease of 673,000 bu, thus indicating another good-sized decrease in the visible supply on Monday. We understand this Kansas City wheat goes largely to Gulf ports, and stocks in that city are now only a little over 13,000,000 bu, and possibly two to three million bu have been sold already but not yet shipped. With all grades of hard wheat in Kansas City selling at big premiums (this being the only kind which can be delivered on contracts

in their market), the futures there are being kept at a comparatively high level with ours, Kansas City May selling at about 1¢ per bu under our May, with a freight difference for this market of close to 10¢ a bu. We believe, however, that this situation will continue so long as there is a disproportionately large demand for the hard compared with the red wheat.

At the close our market showed a decline for the day of 7/8¢ per bu.

Corn receipts were very light today, being only 464,000 bu, and considering the large crop, this indicates very small movement. Shipments were actually larger --594,000 bu. Export business overnight was light but the Argentine news is such that we believe this country will be called upon for a long time to furnish this cereal to European consumers, although the total export business up to the present time is very disappointing. Exports of United States corn for the week ended February 5th were 3,103,000 bu, but for the season to date only 16,000,000 bu; however, a great deal has been sold already and not yet cleared.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO February 11, 1938.

The more we study the world wheat and flour situation this year, the more we arrive at the conclusion that the trouble this season, and the fact that it is so difficult to advance wheat prices, is not due to the heavy production but very largely to the decreased consumption everywhere. In the Orient we would naturally expect a slower demand on account of the Sino-Japanese war, making transportation and financing difficult. Germany and Italy are importing less, chiefly on account of the economic conditions, and they are compelling the admixture of other cereals for flour or breadmaking. France also consumes less wheat per capita , mills there also being compelled to use substitutes. Even England for one reason or another has imported less this season than usual, although as a general rule her consumption is much the same from one year to the next. The United States, possibly on account of the recession in business, the greater abundance of other feedstuffs and lower prices on mill offals also seems to have curtailed domestic production somewhat.

For the month of January flour production by mills accounting for approximately 65 per cent of the total estimated United States flour output amounted to only 5,055,297 barrels compared with 5,424,882 in January, 1937. Assuming that the other 35 per cent of the mills which have not reported should make the same comparative showing, there would have been a reduced production in terms of wheat of 2 1/2 million bu. Following this the flour output of Minneapolis mills for the week ending February 5th totaled only 40 per cent of capacity against 50 per cent last week, although it was a trifle higher than last year when the production was 39 per cent.

Under these circumstances the very small crop raised this year in Canada had not the effect that was expected. Even when this was followed by poor yields in the Argentine there was still plenty of wheat left for all purposes, since Australia was favored with big yields. It is now estimated that for the balance of the crop year Australia will have about 17 1/2 million bu more wheat left than last season, and with the Argentine deficit of 25 million bu compared to this time in 1937, the net loss of wheat available from the Southern Hemisphere will be only trivial and may easily be made up by additional clearances from the United States, the only country having plentiful supplies.

Liverpool wheat cables were somewhat weaker, largely in sympathy with our decline of yesterday, futures showing a loss for the day of 1/8 to 5/8¢ per bu compared with the previous session.

Export business was on an extremely small scale, and it seems as the season advances that our farmers are disposed to sell their holdings more liberally.

Primary receipts today were 432,000 bu versus 290,000 bu a week ago, while last year was a holiday.

Dryness continues in the Southwest and further fair weather for tonight and Saturday is predicted with some probability of light precipitation on Sunday. However, what is needed is a good soaking rain, and while any kind of moisture will be desirable, unless it comes in greater quantities, it will be only of temporary relief. This uncertainty about weather conditions in consequence of which it is impossible to have any clear idea of what the new crop yields might be, causes the market to remain in a very indifferent mood with small fluctuations. At the close the market showed a decline of 3/8¢ per bu compared with yesterday.

Trade is extremely dull; yesterday's volume in all wheat futures was 11,343,000 bu, and adding to this the trade in corn, oats, rye, and barley, the total amount turned over was only 13,875,000 bu. This quantity could easily be handled by the present staff of any two of the larger commission houses without doing any night work, and in the past, in very active markets, one commission house might have handled more commission orders in a day than all of them together now.

Corn receipts are very light -- only 561,000 bu compared with 732,000 bu a week ago, but the demand is also very indifferent, little interest being shown in this cereal in a speculative way. Export demand also seems to be almost absent at the present time.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO February 14, 1938.

While affairs of the greatest importance, both politically and economically, are being discussed and watched in nearly every capital in the world, security and grain markets are almost stagnant. In the past fears of war or hopes of peace, increased expenditures or greater economies, had an immediate effect on values, but speculation has either been so discouraged or hampered that at the present time it no longer fulfills its entire function in anticipating probable future events. Whether or not this will be permanent, or at least for a lengthy period, remains to be seen; but as far as the grain trade is concerned, the many new regulations referring to margin requirements, plus the high taxes on every trade made, and the disinclination of rich men to take any speculative chances for fear that finally the government would take away such a large percentage of the profits in taxes, we believe will prevent us from gaining as big and broad a market as we had in the past.

Last Friday, Saturday having been a holiday, the total volume of trade in wheat was only 10,826,000 bu, and the total trade in all grains amounted to 14,295,000 bu. There was actually not a single trade made in barley, and only 62,000 bu of rye and 256,000 bu of oats were traded in. Judging from appearances today, there will not be very much difference, and under the circumstances fluctuations are quite meaningless and the smallest quantity of wheat purchased or sold at the psychological moment affects the market quite materially. Otherwise, we think prices would have been considerably lower on wheat, as the news was quite bearish.

The Canadian markets, which had been open Saturday while ours were closed, showed quite a recession; and in addition Canada seems to have been favored with more moisture than for a long time, and we should say that at the present time soil conditions in the three provinces are very favorable, and prospects for a good crop are ever so much better than they were at this time last year.

As far as we could learn new business from abroad was almost absent, and long-expected and hoped-for orders from this source for United States wheat are not forthcoming in such volume as is needed to reduce our carryover even to the generally accepted figure of about 100 million bu more than we had on hand on July 1, 1937.

On the other hand the movement is increasing and primary receipts of wheat today were 1,084,000 bu, which, of course, included an extra day, but yet they were very much bigger than recently, and a year ago they amounted to 421,000 bu.

World importations this week were 10,506,000 bu, being about 3 million bu less than last year same period, when they amounted to 13,491,000 bu. Up to date the importing world has been able to get along with 38 million bu less than last year, and if this ratio of decline continues there will be no trouble for European millers to obtain their supplies without any great effort. The Southern Hemisphere shipped only about 5,600,000 bu versus 9,600,000 bu. It is now figured that total crops in the Southern Hemisphere are 375 million bu compared with 415 million bu in 1937, or 40 million bu less; but this deficiency could be easily made up by larger clearances from the United States from now on.

In the meantime the visible supply continues to show extraordinarily large decreases, and this week's decline in stocks at terminal points amounted to 4,310,000 bu against 2,018,000 bu last year. The total at various points now is 64,999,000 bu versus 43,482,000 bu last year, or 21,517,000 bu more. However, if today's tendency to an increased country movement will continue, and unless the export demand improves, and if the milling business remains as slack as it has been now for a long time, the decreases in the visible supply from this time forward might be much smaller.

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Weather conditions are quite favorable and satisfactory everywhere, including the Pacific coast, but excluding the Southwest, where moisture is still absent. Everybody watches the atmospheric conditions in that part of the country with the closest interest, and some express the hope that possibly the map is so shaping itself that within forty-eight hours there might be a change for the better. However, indications are not sufficiently strong to act on these surmises.

At the close the market was unchanged for the May future compared with Friday.

With the poorer export demand for corn primary receipts are large enough for all purposes, for two days amounting to 1,170,000 bu, while shipments were 852,000 bu. The visible supply this week decreased 476,000 bu, and the total now amounts to 37,652,000 bu, and is almost three times as big as it was in 1937 same period, when it was 13,205,000 bu. We believe that there are large quantities of corn left in the country which might be sold on any sharp advance. Therefore, there is not much inducement to purchase it at the present time for an investment, particularly as we also believe there will be good carrying charges right along. This, of course, would all change if later on seeding and soil conditions would be favorable, and later on much will depend upon the outcome of the coming crop.

UHLMANN GRAIN CO.

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO February 15, 1938.

Yesterday, after close of the session, the Senate passed a new farm bill, and the Secretary of the Treasury passed new regulations that upon acquisition of new gold, all would not be sterilized as heretofore. Purchases of gold up to $400,000,000 per year, including $30,000,000 received since January 1st will in the future not be sterilized. The two measures have nothing in common with each other, except that both are a sign of the times, and policies which became advisable, or necessary, on account of previous laws passed, and are further proof that once a step is taken in one direction by interfering with normal adjustments in business, others are apt to follow. Therefore, we assume that in due course of time, on account of weather conditions, the farm bill will have to be changed again, and also the present system regarding sterilization or desterilization will undergo continuous corrections and alterations.

Referring to the gold policy as being all-important, not on account of the action taken yesterday, which is only trivial in its immediate effects, but what the future portent is, we feel that at the bottom of it all is the enormous increase of world's production in gold following the devaluation of the dollar. We believe that if the present tendency of trying to discover new gold mines on account of great profit opportunities, (as long as the high price of $35.00 per ounce is maintained) continues, the yearly production of approximately $1,250 million will not only be maintained, but will be increased. It is conceivable that during the next twenty years the world could accumulate additional gold to that which she now possesses--more than was accumulated during the entire period between the birth of Christ and 1848, when gold was discovered in large quantities in California. After that, and even when South Africa came on the market with gold findings such as the world had never dreamed of, gold had not become a burden, as commerce increased with such rapid strides that there was always about enough for the normal business, but never too much. This seems to have changed after the devaluation as the United States was compelled to import over four billion dollars after 1933. It looked as if the stream of importations, together with purchases of domestic gold, might be endless and the Treasury was in a dilemma. We had the choice of either continuing to buy gold, issue notes against same and thereby create a credit base so large that inflation would be inevitable, or we could sterilize the gold, borrow money on same thereby preventing further inflation. However, this process would be very expensive as it would increase the interest charges and also increase the debt. Nevertheless, this system was adopted and continued for a while with the result that about 1 1/4 billion dollars worth of gold was accumulated and sterilized. Then it was found advisable, about three months ago, as the burden became too heavy, to desterilize $300,000,000 worth of gold, and we are now taking another step in this direction. However, should the gold-flow to the United States again become very large, then either more money would have to be borrowed, or the fear of inflation on account of increased credit possibilities would have to be taken into account. In other words, yesterday's step in itself is not important, but what may happen in the future might have great consequences.

Regarding the farm bill, the immediate effects, so far as we are concerned, are unimportant. The tendency naturally, will be for the farmer to sell his old wheat because later on he might be prevented by the government from doing as he pleases. Should this prove to be the case, the farmer will not carry over much wheat and this might have a tendency to narrow the difference between May and July. We have not yet read the details of the bill, but believe that it will have no effect on next year's crop, which is already sown so far as winter wheat is concerned. We do not believe anything will be done regarding spring wheat. What will happen to the crop that we raise in 1939 is a different question, and much will depend upon the administration of the bill, etc. We shall not make up our minds definitely until we have more information.

(O V E R)

More important than anything else, however, in affecting today's wheat market were the wonderful rains and snows which have been quite extensive during the past twenty-four hours over the Central West, the Southwest and the southern portions of the central states. The indications also are for general rain or snow over all sections of the Central West and Southwest tonight and Wednesday. This will relieve, partially or altogether, the drought which has prevailed for so long in many parts of the Southwest. It is now possible that with the very large amount of wheat planted we shall have another good-sized crop, and this would mean lower prices in all likelihood, provided the rest of the world would also be favored with normal weather, and particularly should Canada produce normal yields.

There was a great deal of liquidating of contracts, original trades having been made in the hope that we would be confronted with crop scares later on.

Liverpool was reasonably firm at the opening but declined sharply when they were advised of changed weather conditions in the United States, and their futures declined from 3/8 to 1 1/8¢ a bu. It was reported that about 200,000 bu of wheat were sold abroad, but we understand it was wheat that was already afloat, and we could not learn of any further sales abroad overnight.

Primary receipts were quite moderate again today, being only 362,000 bu compared with 251,000 bu a year ago. Stocks of wheat in Chicago are 9,666,000 bu compared with 5,586,000 bu last year-- about four million bu more, and unless more of this wheat is sold during the next few months, it looks to us as if it would become rather burdensome, considering that the May is still bringing a good premium over July. May wheat may lose its premium when liquidation starts later on. Open trades in that future were still 58,919,000 bu last night. At the close the May future showed a decline of 2 3/4¢ compared with yesterday.

Corn receipts continue to be light --571,000 bu compared with 528,000 bu a year ago, but the quantities back in farmers' hands are still very large and as soon as the roads improve a large movement is anticipated; therefore, we think the present price is high enough, considering the poor export demand, and with premiums for gulf export somewhat on the decline.

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CHICAGO MERCANTILE EX.

CHICAGO February 16, 1938.

During the last twenty-four hours rain or snow has fallen over all sections of the entire district, Northwest, Central West and Southwest, being mostly in the form of snow, and heavy in localities. The weather map remains perfect for more moisture, and, therefore, it appears to us as if at the present time prospects for a large winter wheat crop are better than they have been in many years. Soil conditions in the spring wheat territory, as well as in Canada, are also favorable, with fair prospects in Europe. The acreage seeded to winter wheat is extremely large.

We appreciate, of course, that much might happen yet to spoil or at least reduce the present favorable prospects, but as nobody can look into the future and as one must use as the basis of his calculations that normal conditions will prevail, it is reasonable to expect that after the many years of short crops, at least an average one or better is in sight. This would mean lower prices than those which have prevailed, but we belong to the old school, believing that large crops even at reduced prices will mean great prosperity all around. We are not frightened by what happened in 1932-33, when ruinous prices were in existence and when the farmer suffered to such an extent that the whole country was upset and industries were finally affected. This is not likely to be repeated. The depression in price in 1933 was brought about artificially through the action of the Farm Board, starting in 1929, when excessive supplies were accumulated and a minimum price established. They ignored all commercial studies of supply and demand with this country, refusing to sell wheat abroad to meet competition, but instead accumulating a burdensome stock.

There are many countries in Europe in which the consumption of wheat flour might be tremendously increased if the people were financially able at cheaper prices to obtain this sustenance, which was always considered the staff of life. It is a sad state of affairs that so many poor people should be deprived of bread, as long as there is so much land available where wheat can be raised and where the willingness exists to produce it.

It would be unpleasant to think what would happen this fall with the large unemployment existing at the moment, if in addition short crops would throw more people out of employment. It is axiomatic that the more there is planted and the more there is raised, the more people it takes to do the work for the cultivation of the land and for the harvest. It creates more employment for the middleman, for the railroads, and for the steamships. In a minor way it affects the commission man, telephone companies, etc., so a large crop may be a blessing in disguise with conditions prevailing at the present time. This particularly so as the large subsidies which the farmer is receiving should still put him in a much better position than the worker in the city.

Europe is very largely influenced now by North American crop conditions, and they were impressed with the rain reports they have been receiving from here. In consequence, Liverpool wheat futures showed a decline of 1 5/8 - 1 7/8¢ per bu, and there was great disinclination to make new cash purchases. Of course, they have to buy some wheat right along, and Canada reports export sales of possibly as much as 500,000 bu, mostly for shipment 8 or 9 months ahead; but we understand no new transactions took place from the United States, although some wheat afloat was sold at reduced prices.

As far as the old crop situation is concerned, we look for an increased movement, as many farmers frequently do not sell their crop unless they are reasonably sure that another one will be forthcoming, and they will be more encouraged now since the rains.

Today's primary receipts of wheat were 415,000 bu compared with 286,000 bu last year. Stocks at Kansas City and Minneapolis so far

this week show a decrease of 302,000 bu. We are inclined to believe that with the poor domestic and export demand which has predominated now for sometime, the visible stocks will show much smaller decreases than of late. It is true there is quite a little export wheat sold which has not yet been cleared, and the United States portion of the North American wheat and flour shipments last week amounted to 2,346,000 bu. For the thirty three weeks of the 1937-38 crop season nearly 50 million bu have been exported now, leaving available for export and carryover during the next nineteen weeks around 235 million bu. It is quite safe to assume that at least 35 million bu will be cleared and possibly more, but yet there is no indication to induce us to change our previously made estimate of a carryover of close to 200 million bu.

There was quite a good deal of short covering today on part of those who sold yesterday, but the new investment buying is very limited, and something new, we believe, will have to develop to stir the imagination to cause any kind of a bull movement at this level of prices. At the close May wheat showed an advance of 1¢ per bu compared with yesterday.

The corn movement is still light, primary receipts today being 471,000 bu, but there were more sales made to come to Chicago overnight, and we look for a freer movement as soon as drier roads permit the transportation. Export business is rather dull. Stocks are very large everywhere, including farmers' holdings, and with light speculation look rather for further recessions than any upturn.

In a monetary way the weakness of the dollar, and the strength of sterling indicates that Europe is still fearful that more efforts will be made here to advance commodity prices by way of inflation. The pound sterling sold today at $5.03 3/4, which establishes a new high record for the year.

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CHICAGO MERCANTILE EX.

CHICAGO February 17, 1938.

We again had wonderful precipitation overnight, and the outlook for the coming crop in consequence has been greatly improved. Under ordinary circumstances a decline in wheat prices would have been in order --in fact, the market opened very weak, about 1¢ per bu lower, but immediately gained, all due, we believe, to Washington news. It is reported that all those close to the Administration are in favor of higher commodity prices, and monetary price considerations at this time are playing an important part in the various discussions.

Whatever cannot be attained in this way is supposed to be accomplished through the Agricultural Adjustment Act of 1938. We have studied same, although only superficially so far, it being so lengthy, and we understand it contains about 62,000 words Ordinarily a great linguist has fewer words than that number in his vocabulary. At least it is claimed that even Shakespeare in all his writings was not master of more than 15,000 words. Naturally many words had to be repeated, but none so much as the one phrase "as the Secretary may determine". We find this so frequently that we have come to the conclusion that it is difficult to know at the present time how the farm bill will be administered until we are apprised of what the Secretary may determine, and he himself undoubtedly has not made up his mind as yet. Much will depend on the outcome of European crops, the one in Canada, our own outlook, general business and employment conditions, etc. He no doubt will bear in mind if acreages are reduced radically, that too much labor might be thrown out of employment, etc.

However, if we read the Act correctly, one order has been positively given and there seems to be no discretion in this regard: namely, that the national acreage allotment of wheat for 1938 sowings shall be 62,500,000 acres. Inasmuch as the winter wheat acreage this year is about 57 1/2 million acres, and that of the spring wheat estimated at about 22 1/2 million acres, or a total of 80 million acres, it would mean a reduction for the 1939 crop of 17 1/2 million acres. After making allowances for winter killing, etc., this reduced acreage could easily produce in an ordinary year from 150 to 175 million bu. Consequently, looking very far ahead, unless the law should be changed in the meantime, our production for at least one year probably will hardly exceed a year's domestic consumption. Should we raise a very large crop this coming season, of course, the first effects of this reduced acreage might not be felt immediately, and it might be two years until the effects in price would be consequential. A speculator would have to have a great deal of patience to make investments now on this theory. However, most traders think more of what will or can be done in the way of inflation.

We have practically tried everything since 1933 to raise commodity prices to the 1926 level, without much success. The dollar was depreciated about 40 per cent, and while further depreciation might follow (although this is not likely), it could not be done on the same scale. In addition, in keeping up an increased price of gold we would have to buy virtually all that the world produced. In 1936 the world production was 36 1/2 million ounces, and we purchased about 40 million ounces; in 1935, we also purchased the total world production, plus 20 million ounces; in fact, we purchased from 1934 to 1937 the whole world output of gold, or 128 million ounces, plus 17 million ounces previously accumulated. Any further rise in price would compel us to buy more gold and increase our debt more, or otherwise issue notes against same. In this way, of course, we could bring about great inflation, but with what disastrous consequences afterwards?

In the past commodity prices always rose when there were more anxious buyers than there were sellers. Speculators as a rule precede investors. What we need now to raise commodity prices is leadership and more encouragement to the exchanges, so that we may regain the large speculators which we have lost. Of course, this system did not always work out to perfection, but nothing is ever perfect,

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not even the new systems which are being proposed. A little while ago we heard a lot about "hot money", and European investors were discouraged as to making security purchases here. Fortunately nothing was done in this direction, and we certainly would welcome now new foreign investors to purchase our securities, lift prices, give new encouragement to investors, thereby making it possible to float new capital issues.

The wheat news as far as the cash demand is concerned was also very disappointing. Europe remains very indifferent, and very little had been worked overnight.

The Liverpool market was very weak, before our session opened, as well as during the early part of the day, and they only recovered after both the Winnipeg and our markets had shown great strength, final advances being 7/8 to 1 1/2¢ per bu. This, in spite of the fact that Argentine estimated shipments are again very small--2,572,000 bu compared with 7,880,000 bu a year ago, or more than 5 million bu less. Black sea shipments are also light, at 504,000 bu versus 296,000 bu in 1937; there were no clearances from South Russia. Unless the export demand improveswe doubt whether the estimated exports from this country will reach the 90 million bu on which we had figured; it certainly does not look as though it would be exceeded. From latest reports, exports from this country during the week ended February 12th were 2,047,000 bu wheat, and 41,000 barrels of flour, which is equal to about 200,000 bu; total exports up to that date including flour were 47,689,000 bu . Consequently, it would require about the same amount of exports during the next 4 1/2 months to reach expectations, which is not likely.

Primary receipts are fair --425,000 bu, a little larger than last week, when they were 404,000 bu, but compare with 320,000 bu last year. Stocks at Kansas City so far this week show a decrease of only 24,000 bu, but in the large decreases we have had in the visible supply of late Kansas City figured very prominently, and if there should be another big decrease now we think it will make quite a difference in the showing next Monday.

At the close the market showed an advance of 1 1/8¢ perbu for the May wheat compared with yesterday. Our opinion is that after a while the stimulants in prices which have been received on account of Washington news will be more or less forgotten, and that actual conditions will be the great influence. If as time goes on and crops do not deteriorate, and if we have only a moderate amount of winter killing, with the outlook for a large crop on the increased acreage, we believe it will be difficult to maintain the present level of prices. Should a speculative wave set in for one reason or another, we think it will be mostly in the more deferred futures--July and September, and in that case we expect they will gain on the May future.

There was no large export business reported in corn overnight; the local demand which developed, probably also on account of inflationary fears, found the market short of offers, and prices advanced very easily. This, in spite of the fact that the corn movement is increasing, primary receipts being 706,000 bu against 464,000 bu similar day last week; and it is being offered much more freely from the country. We think this cereal is likely to follow the action of wheat very closely, and unless it receives a further stimulant from wheat, believe it will be difficult to hold prices.

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CHICAGO MERCANTILE EX.

CHICAGO February 18, 1938.

The President's press conference was very plain in expressing the views of the Administration with regard to its aims and wishes pertaining to a more balanced economy in values. It is claimed, by way of comparison, and according to the commodity index, that some articles may be too high and others too low, and we infer also that it is considered that some commodities raised by farmers are still comparatively too low. Of course, it always has to be borne in mind, in dealing with the general accepted index of commodities, that same includes a number of them which are not raised in this country, and from which the farmer benefits if they are low; for instance, coffee, tea, rubber, silk, tin, cocoa and numerous others. It also must not be forgotten, when the index of farm products is taken as a measure, that no consideration is given to the fact that large payments by the government are being made now to the farmers. If these were added to the price he is obtaining for his grain, it probably would be found that he is being much better paid now for what he produces, in comparison, than the industrialist, and that his purchasing power is probably as great, or more so, than it was in many years, except the most prosperous ones. If this needed any further proof, it could easily be furnished by referring to statistics on farm mortgages which have been very largely reduced, and the further fact that retail business in the country is much better comparatively than in the city.

In order to show how much the farmer's income for his grain is enhanced by these payments, let us take one cereal as an example, but it refers to all of them. The total acreage under cultivation in the United States is 340 million acres, of which about 80 million acres were devoted to wheat last year. Assuming the wheat farmer obtained approximately his share of the $500,000,000 which is being distributed, he would receive about $120,000,000. Our wheat crop last year was 874 million bu. Out of that about 80 million bu are needed for seed and 50 million bu at least are used for feed on the farm, where it makes no difference to the farmer what the price is--total, 130 million bu, which would leave about 744 million bu to be marketed. Figuring these payments of $500,000,000 on an equal basis, would amount to 16¢ a bu additional income to the farmer on his wheat raisings. This, added to his income this year, we believe, makes him so well satisfied that he would love nothing more than to be able to obtain permission to raise all he can.

Inasmuch as there were no specific indications given as to how a higher price level can be accomplished, the trade, which had figured on more inflationary measures, was rather disappointed and liquidating sales took place immediately, resulting in lower prices.

It was also assumed that for the present there is no intention of changing our policy of paying $35.00 per ounce for gold; therefore, we think for the time being possible inflation will be a minor factor in the minds of traders, and that wheat will sell according to its merit based on world and domestic conditions. From this point of view, we think the outlook is for very much lower prices, based on probable larger yields in the world than for many years. In the past whenever we raised more wheat than was needed for normal consumption the price level was low, the same as it was high when the opposite occurred.

There were more rains in the Southwest overnight, and more are expected. The moisture situation all over the United States, in our opinion, is the best in years --anyhow very much improved compared with the four drought years preceding this one.

Liverpool futures were weak, declining 1/4¢ per bu, being largely influenced by heavier Argentine shipments than expected, same amounting to 3,464,000 bu versus 7,882,000 bu a year ago. Exporters reported foreign wheat demand overnight very poor. Stocks

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at Kansas City decreased only 71,000 bu so far this week against almost one million bu for the six business days last week. It appears to us as if the visible supply would show only a very moderate decrease next Monday. Primary receipts were very modest --only 333,000 bu compared with 367,000 bu in 1937.

At the close our market showed a decline of 1 1/2¢ per bu for the May future.

Secretary Wallace issued an order in the Commodity Exchange Act requiring a period of seven business days during which contracts for future delivery of grain, starting in July, may be settled by delivery of the actual cash commodity after trading has ceased in the delivery month. This we think will make it very much more difficult than ever to try and attempt any squeeze, and will have a tendency to widen carrying charges. The holder of wheat in the future cannot sell any of his accumulated futures in the pit seven business days before the end of the month, but the short can continue to buy his cash wheat and make delivery; therefore, putting him at a distinct advantage.

Corn receipts are quite heavy, primaries being 963,000 bu versus only 561,000 bu last week, and 375,000 bu last year. There was some export business done overnight, but it is not big enough to prevent accumulations at terminal points, and there is a steady widening going on between the various futures. Some people have made purchases lately interpreting the new Farm Act as meaning that the government may make loans to the farmer at a higher price, but we believe there will be enough farmers who will not take advantage of it, and will sell their corn.

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CHICAGO MERCANTILE EX.

CHICAGO February 19, 1938.

Every business man, in fact everyone who owns anything or has to make a living, must be in sympathy with the President's aims and wishes to help agriculture as much as possible and see at least a reasonably high price for everything that is raised on the farm. Whenever the farmer is not prosperous, everybody else suffers, directly or indirectly. However, this does not mean, nor is there any justification for it, that certain farm products should sell at as high a level in years of large yields, as in years of calamity, and the price level of every commodity is determined to a large extent by the supply and demand of that particular article. There have always been exceptions of certain commodities to the general index, even during the War, when there was a continual rising tendency for everything and some products advanced as much as 300 to 400 per cent. Coffee prices were extremely low and could not be lifted for the reason that Germany and Austria, large consumers in ordinary years, could not obtain same, thus creating a surplus which could not be marketed except at a sacrifice.

We can easily see that this coming year wheat might sell lower by way of comparison with other cereals, or other commodities, provided the present splendid crop prospects should materialize, for the following reasons:

We are starting with a very large carryover, probably 200,000,000 bu on July 1st. This would compare with other years as follows:

1923-27	average	118	million bu
1928		115	" "
1929		232	" "
1930		294	" "
1931		329	" "
1932		391	" "
1933		382	" "
1934		274	" "
1935		148	" "
1936		138	" "
1937		91	" "

Last year's wheat crop amounted to 874 million bu. The acreage this year is practically the same. They expect a smaller amount of winter killing, soil conditions are very good, and the many disasters which occurred last year may not be repeated. We had black rust which took a great toll, which is very exceptional in most seasons. We had drought in the northwest spring wheat areas, and farm soil conditions at the present time are generally more favorable, we believe, than they were last year at this time.

We assume that every reader is aware that when we talk about the future, conditions might so change that this might look ridiculous later on, but we can only figure on normal weather conditions and not on a bumper crop nor on a failure. Let us base our calculations on a crop such as the present one of 874 million bu. This would be 200 million bu above normal domestic consumption, and would give us a total excess supply of 400 million bu for export and carryover. Should Canada raise a crop better than the failure one of last year, which was the worst in 20 years, there would be a smaller outlet for export. This then would bring us in line for a carryover at the end of next season which would compare very closely with those of 1931-1933 (although not quite as heavy), when a very low level of prices existed. We do not anticipate any such disaster as then, because in the meantime the gold dollar has been devaluated, business in general is in much better shape, etc., but the present price might look very high then. We also do not expect any help from monetary changes. Nobody expects, at present, that the content of the gold dollar will be reduced further. About a week ago the dollar was very much depressed because Europe was hoarding gold, but now

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sterling exchange is declining again and we would not be a bit surprised if sooner or later we would import gold and add to the very large supplies previously accumulated. We think it is more important and of greater consequence to settle our gold question than the wheat question.

In 1933 the price of gold was $20.67 per ounce. Now it is $35.00 per ounce. Gold has advanced more than any other commodity and for what commercial reason? None that we know of, but simply because our government has decided to pay this price. If it is unreasonably high, we shall suffer the consequences in time, and the final fate will be the same as that of every other commodity which is overproduced, and instead of inflation we might end up with deflation. This, of course, is in the far future, because in the meantime, other inflationary measures are going on. Our total debt now amounts to about $37 5/8 billion compared to $34 1/2 billion last year. Our deficit for the first seven and a half months amounts to $970,143,671. If our revenues should decrease and our expenditures increase, as seems likely, inflation might come first before there is any deflation, and this whether the administration desires it or not. Most inflations have not come because the governments tried to produce them --they came after a number of years of continued deficits.

There was some export business reported today, but it was largely confined to wheat from the Pacific coast and from Canada. The demand for hard wheat at the present time is not very urgent.

Primary receipts were light --304,000 bu, and during the week they exceeded those of last year by one million bu, but shipments are also about one million bu larger than for the same period of 1937.

Weather overnight was again very favorable, plenty of moisture in the Southwest. Therefore a further decline occurred early, but on short covering the market recovered, closing 3/8¢ per bu higher for the May future.

There is a continued export demand for corn, but receipts are very large; for this week they are more than 2 million bu greater than same period a year ago, amounting to 4,944,000 bu versus 2,844,000 bu last year. Shipments are also heavy, and in excess of 2,200,000 bu of the short-crop year of last season.

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CHICAGO MERCANTILE EX.

CHICAGO February 21, 1938.

The long-awaited speech of Hitler in the German Reichstag stirred all the Chancelleries of Europe, and is bound to have great repercussions in the political field. The House of Commons in London is sitting at the present time, and it is expected that Prime Minister Neville Chamberlain will not only make a statement disposing of the matter of Foreign Secretary Captain Anthony Eden's resignation, but will also outline a new adjustment of government policy regarding Germany and Italy. There will also be a Cabinet meeting tomorrow in France. It is generally supposed that the greatest efforts will be made on part of England to come to some kind of agreement with both Germany and Italy, the chief aim, of course, being to maintain peace at all costs, if it is possible. It is also probable that this can only be accomplished if mutual concessions are made, although no doubt England will be willing to make great sacrifices to prevent war, rather than to take any risks in this direction.

It would be useless at the present time to speculate on just what will happen in the near or distant future, except that the chances for maintaining peace, at least for the present, have been enhanced, and this is the view which was taken by all exchanges everywhere. It is in those places that sentiment crystallizes first, as most people are not willing to risk their money on what they would like to have happen, but on what they see and think will occur.

In consequence, wheat prices at Liverpool opened considerably weaker, despite our strength here on Saturday, and they were entirely influenced by actual conditions governing this cereal and were not fearful of political complications. Liverpool futures recovered from their lowest point, but at the close showed a decline of 1 to 1 1/4¢ per bu compared with the last session. Also they were not even eager to buy any cash wheat, although their stocks are not particularly large, and there was no wheat export business reported from Canada and very little, if any, from the United States.

Crop prospects abroad are very favorable, and in fact, it would be difficult to point out any spots in the Northern Hemisphere where the outlook at the moment is bad; in most countries the outlook is fair to good, and in some even excellent.

World shipments this week were larger than for sometime, 12,640,000 bu compared with 13,005,000 bu last year. The Southern Hemisphere shipped less than 7 million bu versus over 10 million last season, but the deficiency was almost entirely made up by heavier clearances from North America, same being 4,731,000 bu against 1,886,000 bu last year. While we do not know as yet what the division is between Canada and the United States, we must assume that the largest part was shipped from this country, but we are afraid that this is at the expense of much lighter shipments later on. New business of late from Galveston has been extremely light, and the unfilled orders are diminishing steadily, so at the present time there is not a great deal on the books for sales which have been made and not yet filled. It is also claimed that Russia is negotiating for freight space for 150,000 tons of wheat with the United Kingdom for March loading. This would be approximately 5 1/2 million bu, and if this materializes it would be larger shipments than had been made from that country for a number of years. This would be felt particularly as we are approaching the period when Argentine shipments reach their maximum. Last year on February 25th they cleared 8,760,000 bu; on March 4, 9,108,000 bu; on March 11, 7,232,000 bu, and on March 18, 8,420,000 bu, after which period they gradually declined. Australia made only moderate shipments after this period last year, but then they became very heavy again during the month of May.

It is now claimed by Broomhall that despite shorter crops in the Argentine, this year the total exportable surplus now remaining in the Southern Hemisphere is within 4 million bu as large as

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it was last year, this result having been attained through the smaller clearances up to this time. Should this prove to be correct there would be only one country; namely, Canada, which has much less wheat to export than in 1937; but the United States, as well as Russia and possibly other Black sea countries, will have more to sell. Consequently, Europe will probably continue its hand to mouth policy, and it remains an open question how much wheat they will have totake from us.

Primary receipts of wheat were very light, only 381,000 bu; no comparison can be made with last year when there was a holiday, but we believe the lighter movement is due to weather conditions and that we shall see a greatly increased movement as soon as country roads permit hauling. The visible supply showed a decrease this week of 2,393,000 bu, which was somewhat lighter than of late, and is now 62,606,000 bu. Last year the decrease was 1,971,000 bu, and present stocks are about 21 million bu larger. Stocks in Chicago decreased 264,000 bu and amount to 9,402,000 bu against 5,354,000 bu same period in 1937.

In the meantime the winter wheat crop seems to be getting along very nicely, and we hear few complaints but do hear a great many hopeful expressions regarding the present outlook. It is generally assumed when the snow disappears and when the wheat comes out of the ground, its appearance will be satisfactory, and if there is only a moderate amount of winter killing, the standing acreage will be such that the coming wheat crops will likely give us a large excess above normal consumption, and this with the carryover would provide us with plenty of wheat for all purposes, including a sizable amount for export, should it be wanted. Under these circumstances, and should this all materialize, the farmer would not look for a very high price, nor would the speculator be inclined to make investments, except on a reasonably safe basis. Therefore, we consider the present price plenty high enough, barring unforeseen accidents or foreign complications.

At the close the May future showed a decline of 1/4¢ per bu compared with Saturday.

Primary receipts of corn were quite heavy, 1,206,000 bu but the visible supply decreased 1,452,000 bu, and is now 36 200,000 bu, about 23 million bu larger than it was last year. We expect a freer movement of corn as soon as roads permit, but there is a feeling that the loan price on corn covered in the Agricultural Act might be raised, and that this will keep some corn off the market. However, there is a tendency for widening carrying charges, which in itself is working against sharp price advances.

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CHICAGO MERCANTILE EX.

CHICAGO February 23, 1938.

With the attempt of the English Premier, and the support of the Cabinet and the House of Commons, to favor a settlement of the outstanding political differences between England and Italy, as well as Germany, war fears are subsiding. For the present, fears of a conflagration in Europe in the immediate future are no factor in the making of wheat prices. A more peaceful outlook would have a tendency to stimulate grain purchases abroad. Possible loans to Italy and Germany would enable these countries to buy larger quantities of food, and it would help other commodities. In consequence of this more optimistic feeling, good advances in cotton, rubber, hides, etc., were established, which in turn influenced a more bullish feeling in wheat.

However, these considerations will remain relatively unimportant compared to what the size of the new crops will be in Europe and in North America, and, of course, it is too early to determine what next year's yields will be in the Southern Hemisphere where the crops are not harvested until six months later than ours. The jubilant feeling, however, that there is a possible rapprochement among the four great powers --England, France, Italy, and Germany-- overshadowed, for the moment, the continued favorable crop prospects in the United States, but finally the size of our crop is likely to make the price for the whole world, assuming that other countries would raise, on an average, about normal yields. At the present time (we appreciate that it is very early to be very positive about making any forecasts) the outlook for winter wheat is extremely favorable. One enthusiastic writer reports to us that the snow on Saturday in the Southwest was beyond expectations, that it extended south and west from Hutchinson, Kansas, and that it was probably the best snow the dust bowl had had in ten years. This, of course, is particularly important this year as the acreage planted to winter wheat is extremely large, and if the amount of winter killing should not be above average, the United States might raise a crop considerably above that required for home consumption, in addition to which a large carryover would have to be added. Another very conservative party from Nebraska writes us that it is absolutely impossible to make any accurate estimate of the new crop at the present time. It is purely a weather proposition, although he admits there is now some surface moisture. However, if the snow should not stay on the ground there is still a possibility of freezing and thawing weather. In this connection, however, we must bear in mind that it is getting rather late for extreme cold weather in the Southwest, but we recognize that a certain amount of uncertainty exists until the crop is further advanced.

As far as the immediate situation is concerned, Europe was very largely influenced on one hand by heavy purchases of Australian wheat made by Russia for Vladivostok, which were necessitated by the concentration of troops there near the Japanese frontier, and this, of course, was unexpected and made it difficult for England to obtain as large supplies from Australia, which is one of the largest exporters of wheat at the present time. On the other hand, there was also a rather unexpected occurrence --the fact that South Russia is selling wheat to Spain, and at the same time offering fairly large quantities to the Continent and the United Kingdom.

The Liverpool market became quite firm yesterday while our markets were closed, and being further encouraged by the great strength of the Winnipeg market, boosted prices still further, today's advance in their futures amounting to 3 3/8¢ a bushel. We believe this advance discounts fully all the events which have occurred since last Monday, and as long as our crop prospects continue so favorable, we see no reason to anticipate a much further advance which could be sustained. Another helpful factor here was the extremely light receipts. For two days they were only 316,000 bu, compared with 415,000 bu for one day last week, and 225,000 bu for

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one day last year. This, however, we attribute entirely to weather conditions, roads being impassable now, and we look for heavy movement as soon as weather permits, as stocks on the farm are still very large, and there is no reason why the farmer, everything considered, should not be a free seller, particularly as in the Southwest good premiums are still obtainable for the best grades.

At the close our market showed an advance of 1 3/8¢ per bu for the May future compared with Monday.

Corn receipts are quite fair, primaries being 918,000 bu for two days compared with 471,000 bu last week for one day. There is sufficient for all purposes as the demand is also only moderate. This cereal held strong today, very largely in sympathy with wheat.

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CHICAGO MERCANTILE EX.

CHICAGO February 24, 1938

At the present time possibilities of future accumulations of gold in this country, inflation fears, also war scares are dormant, but are not dead issues. They will be resurrected from time to time and become market factors, as before but are no influences just now. Wheat prices, as much as ever, are affected just now by the supply and demand situation, and by the outlook of the next crop. Or in other words, on matters entirely relevant to wheat conditions themselves. Possibly later on the new farm act, and the desire of the Administration to bring about a higher price level may also be a feature, but this is likely, only provided we raise an excessive amount of wheat, or if extremely low prices should prevail. Everything referring to the old-crop situation seems very clear. There are very few differences of opinion regarding the supply and demand in either this country or abroad. Once in a while some extraordinary trades occur, such as yesterday's purchases of Australian wheat to be shipped to Siberia; and it is possible that Italy and Germany might take some wheat, provided they can obtain loans. But on the other hand, France is not permitted to import any wheat except 1,100,000 bu of Durum wheat for the balance of the season, which will be an offset. We do not look for any great surprises in the way of consumptive estimates. In fact, we are inclined to believe that clearances from North America will be less than had recently been estimated. It now develops that the 750,000 bu of winter wheats which were sold yesterday from Antwerp to Spain were disposed of at a sacrifice, which shows that Continental markets are out of line for any new business; and it now is disclosed that the more than the usual amount of clearances which have taken place of late were partly for consigned wheat, and same has not all been disposed of as yet. It is more difficult than earlier in the season to sell any wheat diredt at prevailing premiums. In fact, top premiums are being shaded already, and sellers are more anxious than buyers.

Of greatest importance, of course, will be the outcome of the present winter wheat crop, particularly as the acreage is so very large. The present estimate of 57,492,000 acres compares with practically the same as last year, when there were seeded 57,187,000 acres, which produced a very large crop. In the nine years before the seeded acreages were as follows:

1928	-	48,431,000	acres
1929	-	43,967,000	"
1930	-	45,032,000	"
1931	-	45,525,000	"
1932	-	43,371,000	"
1933	-	44,445,000	"
1934	-	44,585,000	"
1935	-	47,067,000	"
1936	-	49,688,000	"

The average was 45,790,000 acres; so we are starting this year with 11 1/2 million acres more than the average, and after deducting a reasonable amount for winter killing, the standing acreage alone could easily produce 120 to 140 million bu more wheat than the average in the above periods. In addition, we have fairly favorable soil conditions, but in order for one to be sure of his position he must wait until the thawing and freezing period early in March is over before there is evidence of an excessive amount of winter killing. However, at this time indications are for a very much smaller loss in this direction than usual.

Considering that we are only a little more than 3 1/2 months away from the period when we shall see the first signs of the approaching movement, it is important that the two states which harvest their wheat the earliest-- Oklahoma and Texas-- probably have the largest wheat acreage in their history; combined they have about 11,200,000 acres, or almost 20 per cent of the total winter wheat acreage.

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We hardly remember when moisture conditions at this time of the year were as favorable there as they are now. Some enthusiasts are already influenced by this condition, and are offering wheat at present for August shipment to Europe at considerable discounts under prevailing prices. While this is meaningless in many ways, as it is nothing more than the expression of one or more parties who are willing to take speculative chances, yet it is bound to have its effect abroad inasmuch as it will prevent consumers from laying in large stocks of old wheat when the possibilities exist of obtaining new wheat at a much cheaper price. This also is likely to have its influence on the difference between May and July wheat, as this fooling of reducing mill stocks to the minimum as long as premiums exist for earlier deliveries will prevail all over the country. It is well to remember that practically all past records show whenever there was a carryover such as the one which we shall have this year, of about 200 million bu, that finally May wheat sold at a discount under the July.

Routine news today was also not very exciting. Liverpool futures sold off a little, closing 1/8 to 3/4¢ per bu lower on the various months. Black sea shipments, including the small amount of 128,000 bu shipped from Russia, were 808,000 bu compared with 232,000 bu a year ago, and estimated Argentine shipments are 3,123,000 bu versus 8,854,000 bu same period last season, or about as anticipated.

There was very little export demand, and the domestic business is equally quiet, millers being very indifferent in making heavy purchases, evidently permitting their stocks to run down.

Primary receipts were only 306,000 bu compared with 425,000 bu last week, and 212,000 bu a year ago. Stocks at Minneapolis and Kansas City so far this week show a decrease of only 120,000 bu, and indications all point to a much smaller decrease in the visible supply on Monday than of late.

Trade was extremely quiet, probably even much less than the volume of yesterday, which amounted to only 17,652,000 bu of wheat turnover. At the close the market showed a decline of 1/4¢ for the May future compared with the previous session.

Interest in corn is also very light, and fluctuations extremely small. Primary receipts are larger, as one would expect with the much bigger crop; they amounted today to 1,077,000 bu versus 706,000 bu a week ago, and only 241,000 bu in 1937. The fact that it is almost assured that this year's Argentine corn production will be very much smaller than a year ago, will remain a sustaining factor, and probably the export business which has started this season will continue for a long time. Argentina will not be able to supply the European needs, as she has done to a large extent for a number of years. According to Broomhall, even at best the Argentine corn yield is not likely to exceed 30 bu to the harvested acreage, or possibly 270 million bu, with no carryover and empty bins throughout the country. Estimates of the probable surplus are from 120 to 190 million bu compared with a surplus last year of 280 million bu.

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CHICAGO MERCANTILE EX.

CHICAGO February 25, 1938.

In our market letter of January 17th we wrote in part as follows: "It would not surprise us a bit if during the next thirty days the wheat price level might be much the same as it is now within 5¢ a bushel." We repeated this prediction on February 10th. On January 17th, when the situation looked to us like a standoff for the time being, May wheat had closed at 97 1/4¢, and July wheat at 91 1/2¢. Fluctuations in the meantime have been very small; May wheat is a few cents lower now, and the July has hardly changed.

We based our views then on the fact that old-crop wheat supply and demand were closely enough adjusted so that neither a sharp upturn, nor a big decline was in sight. However, we now feel entirely different. As the old-crop year is gradually nearing its end the outlook for the new one will play a more and more important part in the price making; and the outlook everywhere has improved. While the present price level is based on a condition such as existed this year, prospects now justify the belief that the new crop outlook is such that there may be an entirely different picture in July. Should this materialize, speculation, of course, will discount such a prospective change.

One of the great strengthening factors this year was the crop failure last year in Canada, where yields per acre were the smallest in over twenty years. This season, precipitation in the fall of 1937 was heavier in the Prairie provinces than for a number of years, especially in the southern districts. These areas, which have experienced droughts for so long, have reason for optimism regarding the germination of the 1938 crop, as fall moisture was above normal in nearly all sections. In southern Saskatchewan, where they had almost a continued drought a year ago, total moisture since the first of the month is 200 per cent, or more, above the normal at each of the reporting stations. Also Manitoba, and Alberta are very well satisfied with present moisture conditions. The discount of practically 30¢ per bu for the October wheat in Winnipeg compared with the May, clearly shows that Canada is looking forward the coming year to entering a period of plenty against one of scarcity in 1937.

In the United States, the dust bowl has received sufficient precipitation to relieve apprehension for some time to come. Oklahoma and Texas, which will harvest their wheat the earliest, have a much better than average outlook. In fact, if we were asked to point out any single state in the Union which so far has suffered much up to date or reports any considerable damage, it would be difficult for us to name it.

In the past, under these circumstances, very seldom has July wheat sold as high as it is now when the prospective carryover in the United States was as large as it is at present, and when crops were as promising as they are now; also with an absence of complaints from Europe. We fully appreciate the danger of figuring on a bumper, or even an average crop, just because early moisture conditions are optimistic, but even with a moderate reduction in prospects one may assume that with the enormous acreage final yields will be sufficiently large so that major speculative upturns are not particularly favorable. Should July wheat decline, May wheat would likely follow, as there will be plenty of wheat for all purposes for the next four months, and the temptation to carry much wheat over into the next crop will be proportionately smaller, as chances for higher prices might diminish later on.

Cables were higher, and Liverpool futures showed an advance of 1/2 to 3/4¢ per bu. Argentine and Australian shipments together this week are 7,179,000 bu compared with 12,269,000 bu last year same period. Of course, this deficiency of clearances from the Southern Hemisphere of over 5 million bu in one week is being felt in foreign markets, although the demand is much less than it was in 1937. Broomhall estimates that the importing countries can get along with

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9,403,000 bu a week for the next 23 weeks, or up to July 31,1938.

It seems that Spain was in the market again, and the Australian offerings are easily absorbed by millers in the United Kingdom. There were also reports of hard winter wheat purchases from the United States, figures varying from 250 up to 750,000 bu.

Under these circumstances, our market opened somewhat higher; trade is very light, and after the advance started moderate new buying orders were sufficient to bring about a total advance for the day of 3/8¢ per bu for the May delivery. When it is considered that the total volume of trading yesterday in May wheat was only 5,366,000 bu, and possibly not very much larger today, it is quite plain how a change in sentiment, and a few buying or selling orders can easily bring about much sharper fluctuations than would be the case were the volume of trade normal. When reductions are made for scalping trades, in and out, from the above figures of 5,366,000 bu it can easily be figured that the new commission trade must be of the smallest proportion imaginable. Furthermore, there is no pressure as yet from farmers' movement. Primary receipts were only 344,000 bu compared with 333,000 bu last week, and 216,000 bu a year ago. Stocks at Kansas City, Minneapolis and Duluth so far this week show a net decrease of 213,000 bu, indicating a very moderate decrease in the visible supply next Monday.

There is a moderate export business going on in corn right along, but the effect of it is offset by the heavy movement. Primary receipts were 1,042,000 bu against only 260,000 bu the year before, and 963,000 bu a week ago. Fluctuations are very narrow, and the market probably will be more or less of a stalemate until possibly later on when receipts might decrease.

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CHICAGO MERCANTILE EX.

CHICAGO February 26, 1938

Since the close of our yesterday's session, the Argentine government issued a second estimate of production of 1938 crops and the wheat yields are estimated to be 184,031,000 bu, compared with 249,200,000 bu, or 65 million bu less than last year, and almost 8 million bu less than the previous estimate. The Liverpool wheat market ignored this reduction and lays greater stress upon the bright new crop prospects in the United States. Much from now on will depend upon whether or not this good outlook can be maintained. There is a period between now and about the 15th of March when danger still exists that freezing and thawing weather will bring about some winter killing. Every day as the season advances and this does not occur, the danger lessens, and judging from the present weather and the forecast for the coming week, temperatures are likely to be normal and no hard frosts are in sight for the next week.

Otherwise, there was no important news to influence traders one way or another. Another cargo of hard winter wheat afloat was sold to British millers, but new export business originating from this side was absent.

Primary receipts are still light, although somewhat larger than last week and last year, and they compare as follows:

Total today	-	375,000 bu
Last week	-	304,000
Last season	-	228,000

Stocks at Minneapolis and Kansas City so far show a decrease of only 338,000 bu, and we look for only a moderate decrease in the visible supply on Monday. It is now almost a certainty that the visible supply on May 1st (delivery day) will be very much larger than it was either on May 1st, 1937, or in 1936, and this is always a very important item in the adjustment of prices between old and new crop deliveries. We do not believe the big premiums which existed the past two years will prevail this season. This particularly so, as according to Washington statistics, the crop of soft red winter wheat harvested in 1937 was the largest since 1919, with the exception of 1931; therefore, it is apparent that large quantities must be still left in farmers' hands, and with favorable crop prospects, there might be another movement to Chicago to take advantage of premiums prevailing at the present time. As a matter of fact, the states closest to Chicago (Illinois and Indiana) had almost twice as much wheat in the country on January 1st this year as last year.

Trade continues to be extremely light and so far no heavy liquidation has taken place in May contracts, which still amount to a little over 58 million bu. On the other hand, inducement to enter into sizeable engagements in anticipation of higher prices is also absent.

Liverpool cables showed a decline of 7/8 to 1 1/4¢ per bu, but it had only a moderately bearish effect here, and at the close May wheat showed no change from yesterday.

Receipts of corn continue to be heavy - 1,078,000 bu compared with 1,063,000 bu last week and 308,000 bu last year, but the fact that there is a steady export business going on, together with the belief that this will continue for a long time, in view of the small stocks in the Argentine and prospects for only moderate results the coming season keeps the market from declining much.

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CHICAGO MERCANTILE EX.

CHICAGO February 28, 1938.

Wheat sold very close to the same price it is selling for now several times during the month, and when crop prospects were very much more uncertain than they are now. The fact that we had excellent rains in the meantime made very little impression, as at various periods much attention was being paid to outside influences; greater strength in other commodities and in Wall Street very often created a bullish sentiment. Furthermore expectations that the farm bill regarding loans might be a factor later on; also export business from the United States necessitated the taking in of hedges, preventing sharp declines so far. However, barring great political events, such as threats of war, etc., we believe that as we approach the growing season the crop outlook will be the determining factor in shaping prices.

It has been many years since we had two good crops in succession, and it is now possible, even probable, that this may happen this year, and that we shall raise sufficiently large yields next summer, following the big crop last season, to give us a great deal more wheat than we need for home consumption. Should Canada also be equally favored, our prospects for export would diminish accordingly.

As far as the loan price on wheat is concerned, we do not think this would have to be considered much unless the price level should be quite a bit less than the present one; and only if we have a further decline must we await the action of the Secretary of Agriculture to find out at what level the government might step in. While it is much too early to base calculations on future big yields we remember years when at this date it was already a certainty that the crop would not be a very large one. This was in seasons when the acreage was very small and weather conditions up to this period had been such that it was easy to forecast a large abandonment of acreage; consequently, the acres remaining could not possibly produce bumper results, even with the most favorable weather from this date forward. Such a calamity is not to be feared now very seriously. We started with about 57 1/2 million acres, and in all probability, as winter is nearing its end, it appears as if the amount of winter killing would be rather moderate.

We assume this supposition to be correct, as we are already receiving some wonderful reports, and we quote only a few of them, as follows:

Enid, Oklahoma: "Wheat looks wonderful; could not be much better."

Amarillo,Texas: "The Panhandle as a whole has had from 1 1/2 to 2 3/4 inches of moisture the past two weeks. Outlook is fine now."

Hutchinson,Kan: "For 21 miles south wheat looks wonderful and presume generally the condition all around."

Today's market was largely influenced by the lower Liverpool wheat cables, and by predictions of more rain in the Southwest for tonight and Tuesday. This was construed as particularly bearish on the new crop futures. Liverpool wheat cables showed a decline of 3/4 to 1 1/8¢ per bu compared with Saturday, and they are claiming that Siberian and Spanish purchases have been stopped, and the demand for overseas wheat was very slow. As a matter of fact, there was no cash business of any importance reported overnight either from this country or Canada.

World shipments also have been fairly large, amounting to 12,545,000 bu compared with 15,809,000 bu last year. The North American contribution was 3,614,000 bu, and much the same quantities cleared from Argentina and Australia. Black sea shipments were

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808,000 bu, or larger than last year when they amounted to only 232,000 bu. The amount on passage increased slightly,43,296,000 bu versus 42,840,000 bu last week, but very much smaller than last year, 58,752,000 bu.

Primary receipts were considerably larger than of late, amounting to 699,000 bu against only 350,000 bu last year. We believe if the favorable crop prospects continue that the farmer will be more inclined to sell his holdings, and we should not be surprised if later on we would have another movement of soft winter wheat to Chicago, as long as the May wheat remains a big premium over July. Today this nearby future was strong compared with July, as the temptation was greater to sell July wheat in view of the predicted rains in the Southwest.

The visible supply showed a decrease of 2,290,000 bu, and is now 60,316,000 bu versus 39,992,000 bu last year, or 20,324,000 bu larger. We believe stocks in all other positions, including on farms, will be much greater than they were same period in 1937. Chicago stocks decreased 380,000 bu, and are now 9,022,000 bu against only 5,001,000 bu a year ago.

At the close the May future showed a decline of 1¢ per bu compared with Saturday.

The corn movement continues heavy, primary receipts amounting to 1,535,000 bu, being larger than last week when they were only 1,206,000 bu; they were almost 3 1/2 times more than last year when the crop was so short, and when the receipts were only 447,000 bu. While there is a little export business in corn going on right along, it is not of sufficient volume to offset the heavy movement and with the widening carrying charges between the various futures, we believe that prices may drag a little lower.

The corn visible supply showed an increase of 926,000 bu, and the total is now very large at 37,126,000 bu, and 24,177,000 bu larger than the previous year. Chicago stocks are now 7,873,000 bu, while the whole visible last season was only 12,949,000 bu. We look for a further increase in the visible supply.

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CHICAGO MERCANTILE EX.

CHICAGO March 1, 1938.

Liverpool cables are unchanged today for May, but are 1/8¢ per bu lower for the July future, and 3/4¢ higher for the March, as there was no wheat tendered on the first day that deliveries could be made. The Liverpool market was influenced by the cheaper Canadian offers, but it is believed that some Continental countries will be in the market for additional overseas wheat shortly, and there was some short covering. However, the actual export demand for wheat continued very flat overnight. South Russia continues to offer wheat for shipment, and at the same time that country is in the market for this cereal for Siberia. It is assumed the army now in that territory is quite large and it is more advisable to obtain the supplies needed for flour from other countries, rather than to ship it by rail over the Siberian Railroad, which is already heavily taxed taking other materials to the army.

Traders abroad are watching very closely our crop news and the outlook continues to be highly favorable. The supply of surface moisture over the eastern two-thirds of Kansas and in a few southwestern counties is now ample for current needs. Wheat prospects have materially improved, and the threat of heavy damage from soil drifting within the immediate future has been reduced. The recent precipitation was sufficient in most southwestern counties to give temporary relief to the extremely dry condition of surface soil. However, the extreme shortage of subsoil moisture in Kansas has not yet been made up by any means, and more moisture from time to time is very desirable for the best development of the plant. Inasmuch as they had more precipitation overnight, although only a moderate amount, we still consider the outlook as being much better than for many years. The Agricultural Department of the Santa Fe railroad is also very optimistic, but admits the moisture during April and May will determine very largely what the yields will be. In writing about Oklahoma, their experts agree that that state has a chance of raising a wheat crop equal to, or larger than, that of last year, and the percentage of abandonment will be small. The crop in Texas is also in excellent condition and probably the best in four years. All of the other states are more or less promising, and general expectations are that the amount of winter killing will be rather small, but some acreage in the dust bowl has been abandoned already on account of drought. In the face of this, our market held quite steady, being largely influenced by the tightness in May wheat, and this future during the last few days has steadily gained on the July. Both shorts and hedgers are a little nervous as there has been a somewhat better demand for red wheat out of Chicago elevators and a disproportionate amount of the wheat which is stored here is not of contract grade. We still believe this fear of finally having a shortage of contract wheat is not justified as Chicago has about four million bushels more wheat than was stored last year at this time, and there should be plenty more in the country which will come forward should May wheat continue to sell at a big premium over the July future.

According to the Department of Agriculture report, the stocks of wheat in farmers' hands in the soft wheat territory in 1937 and 1938 were as follows:

	January 1, 1937	January 1,1938.
Ohio	10,070,000 bu	14,302,000 bu
Indiana	5,898,000	8,332,000
Illinois	4,372,000	9,602,000
Missouri	3,141,000	7,829,000
Michigan	6,848,000	8,396,000
	30,329,000 bu	48,461,000 bu

It will be seen that in these five states farmers held 18 million bu more wheat. As the milling demand was either normal, or less,

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since that time, we believe these same percentages of excess this season, compared with last, will still hold. In Illinois particularly, where the wheat is tributary to Chicago, there must be large quantities remaining, and as the crop outlook there is above normal there is no special inducement for the farmers to hold their wheat and not dispose of it while there is a good opportunity.

Today's primary receipts were quite small-- 289,000 bu compared with 230,000 bu last year. No comparison can be made with last week as we had a holiday. Stocks at Kansas City and Minneapolis so far this week show a decrease of 110,000 bu.

Corn receipts continue to be large, total primaries today being 1,209,000 bu compared with 246,000 bu a year ago; last week corresponding day was a holiday. The consumptive demand abroad for corn remains neglected at the present time, and Argentine premiums have been declining of late. Nevertheless we know that the new and old Argentine crops together will show such a deficiency compared with other years that more or less business in American corn is bound to take place. Trade is extremely dull, and fluctuations very narrow, but there was a slight improvement today over yesterday in the main future.

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CHICAGO March 2, 1938.

Liverpool wheat futures showed a decline of 1/8¢ for the March delivery, unchanged for the May and up 1/8¢ for the July. During their whole session fluctuations were extremely small, proving that this lack of speculation which exists in this country at the present time must also have extended to Europe. Yesterday's total volume of trade in all cereals in Chicago was only 9,550,000 bu. This includes wheat, corn, oats, and barley. The total turnover in oats was only 69,000 bu, and in rye 25,000 bu, which, of course,must be considered as an absolute minimum. When we look at the small amount of shares being handled now in Wall Street compared with other years, and also the same symptoms, as far as other commodities, such as rubber, hides, coffee, etc. are concerned, it shows that the speculative spirit of Americans, which was such an outstanding characteristic during the whole period of our development, is lacking at the moment. We presume this is only temporary --human nature has not changed, and whenever the time comes that profits can be made with an ordinary amount of reasoning, we shall find there will be plenty of people willing to take advantage of situations, thus proving that their enterprising spirit has not disappeared. We must, therefore, conclude that,as far as wheat is concerned, sufficient uncertainties still exist to make prospective traders rather cautious.

At this period of the year it is impossible to be too positive about predictions regarding the yields of the new crop. It is true that we have seen years when sufficient damage was already sustained early in March through drought or winter killing, to make a bumper crop out of the question, but even then very frequently average crops were still possible, but not likely. Such conditions naturally invited great speculation for fear that the worst might happen. This season we are starting with a large acreage, the probability of a small amount of winter killing, and a better reserve moisture than for many years, but yet, not so abundant that we may be sure of the best results. Any setback from now on would immediately cause fears as to the final outcome, because the price now existing already discounts at least fair crops both here and in Europe. Therefore, a number of reports today from points in Kansas reporting dust storms had an immediate effect, after an early decline, and a recovery of virtually 1¢ per bu from the lowest point took place during mid-session.

However, the almost total lack of export business to Europe, and the poor milling demand are great detriments, making it difficult to boost prices, and maintain higher levels. Broomhall is rather discouraging in his report; while he expects Spain and Siberia will need additional quantities later on, for the time being the buying power is negligible and very small. The effect of it already is shown in a considerable weakening of premiums, at both the gulf and Kansas City. As a matter of fact, we think premiums have declined more than the futures; in other words, at least as far as the Southwest is concerned, the actual decline in cash wheat has been more substantial than the futures would indicate.

Primary receipts are fair, being 340,000 bu versus 316,000 bu last week, which included an extra day, and only 200,000 bu a year ago. Stocks at Kansas City and Minneapolis so far this week show a decrease of 196,000 bu. There was a further gain in the May wheat over the July. This latter future is freely sold at times by speculators who hope that the new crop will be sufficiently large to give us more abundant supplies next season than we had this year. The May wheat keeps comparatively strong, as there is no great pressure at present in the way of hedging sales; in fact, with the decreasing visible supply some hedges have to be removed right along, and present owners seem to be rather stubborn, feeling that the choice old wheat might be wanted before the new is available. We, ourselves, still believe that supplies at the end of the season will be too large to justify big premiums for the old crop future over the new.

At the close the May wheat was 1/2¢ per bu lower, and the July 5/8¢ per bu lower.

Corn receipts are still big, but not quite as large as they were, total primaries being 885,000 bu today against 918,000 bu the previous week for two days, and only 304,000 bu in 1937. This cereal keeps reasonably firm on the expectation of a steady export business.

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CHICAGO March 3, 1938

Liverpool cables were rather indifferent early, but just before our session opened there was an advance of about 3/4¢ per bu owing to short covering on account of expectations of a further demand from both Spain and Siberia. The close showed a gain for the day of 1/2¢ to 5/8¢ per bu. Not much attention was paid here to the strength abroad, chiefly due to the fact that despite same the demand for American wheat is extremely dull, and as far as we know no new export business developed. As a matter of fact, we find at the present time that the interest in gulf wheats, which had been so dominant during the last four or five months, is absent. We believe should anybody be anxious to make sales abroad at this time that it could only be done at good concessions The Siberian demand at best could not produce any large-sized business. It is chiefly due to the large Russian army which is concentrated there, and assuming there would be one million soldiers, the total yearly consumption for them would not be more than 4 1/2 to 5 million bu of wheat. Also considering that Spain has only about 18 million inhabitants, and that almost two-thirds of the territory is occupied by the Rebel army and contains most of the cultivated land, the provisions for the Loyal army would not necessitate importations of unduly large quantities.

As most important here, consideration was given to prospects of further good moisture; indications are for snow over the Northwest and Central West, and rains over the Southwest both tonight and Friday. The weather forecasters agree very much on this, and judging from the official forecast and from that of our private expert, we believe that prospects are very favorable for further relief in the way of moisture during the next 24 or 48 hours. With this in view, we also have to give a very optimistic interpretation to reports which came out today by private experts, with estimates on the coming crop. Two estimates were given: one for winter wheat of 659 million bu, and the other for 668 million bu. Judging from past experience they both look pretty low, and the crop might turn out considerably better. We compare these with last year's final outturn of 685 million bu, and we cannot fail to recognize the fact that prospects this season are better than they were same period a year ago, and that last year we had a great deal of trouble after this time, not only through drought, but also had a fair-sized reduction on account of the black rust disease, w hich does not occur, as far as winter wheat is concerned, more than perhaps once in every twenty or thirty years. Furthermore, comparisons show that for the last eight years more often than not final outturns were better than the promise at this time of the year. Actual figures during the eight years show gains in five years, and losses only in three years, but the gains in bushels were much greater than the losses, and show an average of 28 million bu more harvested than promised at this time. This includes the year 1931 when the gain was enormous (about 175 million bu), and also four drought years, when we had practically nothing but unfavorable weather after this time.

But taking even the present estimate, and assuming that the spring wheat crop would not be almost a failure, as it was last season, it is easy to foresee that the coming year we might raise about 200 million bu more than is needed for home consumption; and with 200 million bu carried over there would be 400 million bu available above exports and carryover.

What the exports are likely to be is difficult to predict, but we cannot be too optimistic in the event that Canada should produce a big crop.

Today again May wheat was comparatively the strongest, and yet, according to Nat C. Murray's report, farm supplies in the soft winter wheat districts are very much larger than same period in 1937.

(OVER)

Indiana farmers are supposed to hold 3,600,000 bu compared with 2,700,000 bu last year;
Illinois, 5,300,000 bu versus 2,800,000 bu,
Michigan, 5,100,000 " 3,670,000
Ohio 7,800,000 " 5,300,000

Consequently, the demand for red winter wheat to be shipped to these states ought to be very much less than a year ago, and possibly there will be a surplus left which might come to this market, provided the premium for May wheat will remain as it is now, or increase further.

As far as the world situation is concerned, we can see nothing particularly encouraging, even in regard to old wheat. According to Broomhall, average weekly importations of 9,242,000 bu up to August 1 will be sufficient to satisfy all wants. Black sea clearances this week were 864,000 bu compared with 136,000 bu last year. Argentine clearances amounted to 2,829,000 bu versus 9,090,000 bu in 1937, but with fair Australian shipments and some from other countries it is quite evident that the demand from North America will be very limited. Yet, up to March 1, we exported only 55,256,000 bu of wheat and flour from the states, and have about 234 million bu left for export and carryover. It seems highly improbable that we should be called upon to furnish 34 million bu more until the new crop moves; consequently, the carryover is likely to be in excess of 200 million bu.

In the meantime moisture conditions in Canada are extremely favorable and the total precipitation from September to February, both inclusive, was 6.29 inches against 4.69 inches normal; 4.89 last year and 5.32 the previous season; so evidently there is a much better outlook than for a number of years.

Primary receipts were 383,000 bu against 207,000 bu last year and 306,000 bu last week. Stocks at Kansas City and Minneapolis so far this week show a decrease of 340,000 bu.

At the close our market showed a decline of 3/8¢ per bu for May wheat and 3/4¢ for July wheat compared with yesterday.

Primary receipts of corn continue to be large, and we look for a steady accumulation. They amounted to 802,000 bu today versus 1,077,000 bu last week and 267,000 bu last year. While the distant future may give us some encouragement later regarding the price level of this cereal, on account of a compulsory reduction in acreage we think patience will be required, and not until stocks start to decrease may we look for a much higher level. In the meantime we should not be surprised to see prices drag a little, unless the export demand improves a great deal.

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CHICAGO March 4, 1938

Weather overnight for the growing crops and for getting the soil in good condition, so far as moisture is concerned, for the spring wheat crops, both in our country and in Canada, was ideal. Light to moderate precipitation has been general in the past 24 hours over the Northwest, Central West and Central States, but so far little precipitation occurred over the Southwest overnight. However, the indications are for snow over the Northwest, Central West and rain and snow over the Southwest and all Central States tonight and Saturday. Nothing better could be wished for by those who think that large crops are a benefit to this country, and we think the average farmer prefers it, even though it will mean lower prices.

We feel it is taking a conservative view to assume that our wheat crop this year is likely to be as large as the one last year, which would mean 200 million bu more than home consumption, and this, added to the 200 million we are carrying over, would give us a surplus of 400 million bu on July 1st for export and carryover. Should this be the case, and assuming Canada raises a normal crop, North America alone could, theoretically, furnish all importing countries with whatever wheat they need, not figuring on the Southern Hemisphere, Russia, the Danubian provinces, etc.

Nature has a way of averaging up weather conditions and it is quite possible that these figures might be exceeded considerably; this on the assumption that we shall have normal weather from now on-- nothing extraordinary, but simply lacking extreme heat and drought which occurred in the spring wheat territory last season, and the black rust damage which reduced last year's yields considerably towards the end. The possibility of a surplus such as mentioned above would remind us of the old Farm Board years which started around 1929 culminating in 1933, but we do not believe such a low level of prices would be reached, because we think the same mistakes will not be made now; at that time the situation was aggravated by holding up prices artificially, preventing a large export business. With a free market permitted, there is no reason to fear that we shall have to carry the entire load ourselves-- we can compete with other countries and sell our share; it simply means that others will not have the field to themselves, and they will be compelled to reduce their acreages, just as we shall do in years to come, as contemplated in the Farm act.

In the meantime, however, we believe that not only will the price of wheat be lower, but also, with the quantities which are in sight, the elevators will probably be reasonably well filled; consequently, there will be carrying charges which will have to be added to the present price, and which will make holders of wheat less willing to assume a big speculative load.

Europe is already appreciating this situation as it is developing, and their weaker cables may be partly attributed to the more favorable crop outlook here. Liverpool futures declined 7/8 to 1 1/4¢ per bu. Canada also could not remain indifferent, and despite their small available stocks which are left in that country, futures there were very weak, which again will have its influence abroad tomorrow. So we are likely to have reactions downward everywhere. This, in spite of the fact that at the present time Europe does not seem to be overburdenod with receipts. Argentine shipments this week were only 2,582,000 bu compared with 9,090,000 bu last year, or almost 6 1/2 million bu less. Australia also cleared only 3,028,000 bu versus 3,739,000 bu in 1937 similar period. However, as longas it is known abroad that the United States has lots of old wheat to sell, which no doubt will be offered at greatly reduced prices today, we imagine that Europe will continue its hand-to-mouth policy, which has worked very well for them up to this time.

Primary receipts today were also heavier-- 504,000 bu against 251,000 bu a year ago. As we know that farmers' holdings are very much larger now than they were at this time a year ago, and with more favorable crop prospects, it is only natural to expect offerings will be much freer from now on, and we look for a very steady movement from the country.

(OVER)

Nevertheless May wheat keeps comparatively firm compared with July, but we believe this is only a temporary condition. The open interest in May wheat is still very large, last night amounting to 57,277,000 bu. With no temptation to take delivery and carry this wheat into the new crop, we think that later on the differences will narrow. We ask ourselves the question, "Who will be willing to carry the 200 million bu of wheat into the next crop?" Somebody will have to do it. We believe the farmer will gradually sell his wheat, and millers will start with as small stocks as possible with the knowledge that the new wheat can be had for less money. The speculator also certainly will give the new crop futures the preference at the discounts. It is true, contract stocks in Chicago are not very large, but we have seen situations such as this where they could easily be augmented if this market were made the target in selling higher than others.

At the close both May and July wheat declined 2 5/8¢ per bu.

Corn held comparatively firm, but receipts are large, being today 811,000 bu compared with only 340,000 bu a year ago. In face of the weakness in wheat, we think it will be difficult to hold up the price of corn.

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CHICAGO March 5, 1938

Looking ahead, what impresses us most at the moment as affecting future prices of wheat, will be the comparatively small amount of winter killing which we anticipate. We admit that we have no accurate data to go by and do not know what it will be, but judging from the various reports we received, also the kind of weather we had, and from past experience, we think it is very conservative to estimate that the amount of winter killing or abandonment of acreage will not exceed about 13 per cent, in which case there would be about 50 million acres standing. This would compare with other years as follows:

1928	-	36,853,000 acres	1933	-	30,272,000 acres
1929	-	41,194,000	1934	-	34,638,000
1930	-	41,069,000	1935	-	33,353,000
1931	-	43,332,000	1936	-	37,687,000
1932	-	36,056,000	1937	-	46,946,000

The ten-year average, including the large acreage of last year was 38,140,000 acres. Supposing that we should have standing somewhere near 50 million acres, or 12 million additional above the ten-year average, a yield such as we had last year of 14 1/2 bu an acre could produce 175 million bu more than the average for the past ten years. Compared with last year, the increased acreage for winter wheat alone would give us 43 million bu more wheat.

The weather forecast for the coming week is quite favorable-- at least no extreme low temperatures are predicted, and after that period chances for any severe weather and much winter killing are very small. Otherwise, of course, it is too early to make any accurate estimate of what final yields will be this season, but the above conditions are almost an absolute safeguard against a very poor crop and with the good start the plant has had so far, the chances are very much in favor of at least an average crop, or much above. This, together with the large carryover of fully 100 million bu more on July 1st this year, will likely give us a very large exportable surplus above home consumption, with the probability of adding to the surplus at the end of the season.

Liverpool wheat cables were not as weak as expected, and futures declined from 7/8 to 1¢ a bu, which was considerably less than North American markets had declined yesterday. The official Argentine report mentioned that larger amounts of low grade wheat are being received from the North; consequently, very few tenders of Argentine wheat are being made on March contracts. The general crop outlook in Europe continues satisfactory in the main.

There is some export business going on in United States wheat, but not on a large scale and not in sufficient quantities to prevent great weakness in hard winter wheat premiums in the Southwest. Also primary receipts of wheat continue to be satisfactory, amounting to 408,000 bu this week compared with 250,000 bu the same period a year ago; for the whole week they were 2,623,000 bu versus 1,488,000 bu last year.

Our own market was a little firmer at times, there being some disappointment that moisture in the Southwest was not as heavy as anticipated; while there is no drought threatening at the moment moisture is always very desirable at this time. Trade had not quite recovered from the shock it received yesterday when there was a sharp decline, and more or less liquidation is proceeding. The May interest during the week decreased only a little over 2 million bu and still amounts to 55,838,000 bu. We believe there will be steady liquidation during this and next month, as it is not to be assumed with conditions existing at the present time that many will be desirous of paying for a large quantity of wheat when delivery time comes, and only a very moderate quantity would satisfy the longs, we believe.

At the close May wheat showed a decline of 1/8¢ and July was unchanged.

Corn primary receipts were somewhat lighter, 649,000 bu against 1,078,000 bu a week ago, but only 351,000 bu a year ago. For the week, however, receipts were very large, 5,891,000 bu versus 2,955,000 bu in 1937. We look for another increase in the visible supply on Monday.

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CHICAGO March 7, 1938.

Liverpool cables were quite strong before our session opened, chiefly influenced by the fact that Spain bought six cargoes of Australian wheat over the week-end, including four afloat and two for March shipment. Later the advance in Liverpool futures was lost after they received knowledge of the weakness at Winnipeg, and the Liverpool decline was 1/4¢ on the July, while March and May were unchanged compared with Saturday's close. We still feel that the extra demand from Spain will not be sufficient to offset the extremely poor demand from three out of four of the countries in Europe with the largest population. The United Kingdom usually takes about the same quantities every year, regardless of price or any other conditions. The consumption does not vary very much, nor does their crop, which does not cover more than two months' needs.

However, Germany, Italy and France, with a total population of about 150 million people are most important, and these three countries during the first six months of the crop year (from July to December), according to the report of the United States Department of Agriculture, Bureau of Economics, at Washington, have taken only the smallest quantities of wheat from the United States --France, 523,000 bu; Germany, 315,000 bu; and Italy, 410,000 bu. It is possible that they may have taken a little flour besides, or may have purchased some which was re-shipped from the Netherlands or from Belgium, but whatever this may have been, the total absorption in these countries of United States wheat at best must have been only a trifle. In former years, these countries were very heavy buyers, and not until they change their policies, or are in a better financial position to again come to the United States for our wheat and flour, may we look forward to an increased export business. There will be no other substitutes for that. It is, therefore, not surprising that in the meantime the world is getting along with very small importations for their needs and total world wheat and flour exports for the week were 10,471,000 bu, compared with 15,725,000, during the same week in 1937. So far, exports have fallen behind 46 million bu by way of comparison, and the fact that Russia has increased her clearances about 30 million bu makes it easy to see why the short Canadian crop was not being felt more. Also, the fact that the United States exported about 40 to 50 million bu more than the year before was a sufficient offset against the lighter clearances from the Argentine and Canada. Of course, it is very seldom that every country has good crops at the same time --and it is also an exception when they all have poor ones in the same year --but at the present time, at least, there are no serious complaints from anywhere, and, therefore, looking further into the future, we have to be prepared that this coming season it is more than likely that more countries will have larger crops than usual. Of the greatest importance, of course, will be the outlook in Canada next to ours, as she has such a small population that in case of large yields, the great bulk of what is raised will have to be exported. So far the soil conditions in Canada, and the amount of moisture which has fallen are so much better than during the last three or four years that the farmers there are extremely hopeful. In the United States, whenever we think about the size of our wheat crop, we first have in mind the State of Kansas which has almost one-third of the entire winter wheat acreage. The Department of Agriculture, in its weather report, claims that the month of February was the first month with above normal precipitation in almost a year; from other sources we receive confirmation that the top-soil moisture is quite satisfactory, and that nothing but normal weather and occasional rains from time to time, until the wheat is harvested, are necessary to produce excellent results.

Therefore, the outlook in North America as a whole is all that could be desired at the present time, which does not mean perfection, but nothing in the world is ever perfect. Europe also has very few complaints - acreages are fully normal; in some of the minor countries,

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such as Roumania, etc., there is a large increase and we have heard of no important decreases, the results for the farmer being very satisfactory so far as wheat raising is concerned during the past year, particularly as to price.

Our wheat market today for long periods had to contend with weakness in Winnipeg, which naturally reduces the prospects for our export business as long as that competitor is willing to lower prices. Furthermore, there is an increased movement as shown in primary receipts --today's being 645,000 bu compared with only 399,000 bu last year, while shipments were 262,000 bu versus 397,000 bu a year ago. The decrease in the visible supply is also smaller than heretofore, being 1,976,000 bu today against 2,290,000 bu last week, and 2,366,000 bu in 1937. The total is now about 20 million bu larger than a year ago, and it would be our guess that from now on decreases will be less than last season, because with the present outlook and larger farmers' holdings, it is only natural to assume that more wheat will come on the market. This is already shown very plainly in the Southwest, where both cash and futures have lost more than Chicago of late. It is also surprising that Chicago stocks decreased only 103,000 bu, despite the greater efforts which were made during the week to make sales in view of the high premium for May wheat over the July. There are still in this city 8,919,000 bu, which according to all appearances, will necessitate elevators to carry over fair-sized quantities into the next crop.

At the close our market showed a decline of 5/8¢ per bu for the May delivery, and 1/4¢ per bu for the July. We see nothing for the present to stimulate new purchases for investment. We also feel that heavy liquidation will take place by-and-by in May contracts; the open interest of which last Saturday still amounted to 55,639,000 bu.

Corn receipts are somewhat smaller than they have been of late, being 724,000 bu compared with 1,535,000 bu the previous week, and only 365,000 bu last year. However, the visible supply again gained 1,180,000 bu, and total stocks are now 38,306,000 bu against only 12,592,000 bu in 1937, or 25,714,000 bu larger. Exports during the month of January were quite heavy --13,254,000 bu, and the total so far this season is equal to about 19 million bu. However, the new demand is more moderate, and while we expect export business will keep up more or less right through the season, we still believe that with the large accumulations, the price is plenty high enough, and we see nothing much in sight to bring about permanent advances.

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CHICAGO MERCANTILE EX.

CHICAGO March 8, 1938.

Inasmuch as very frequently the amount of heavy winter killing of the wheat crop takes place before this time, and as the winter with its severity is nearing an end, it is well to consider what happened in previous years when we raised short crops. The amount of winter killing was as follows:

1931 -	16.9%
1932	31.9
1933	22.3
1934	29.0
1935	24.3
1936	18.5

or an average of 23.8%. In other words, practically every fourth acre of the planted acreage was abandoned. In 1930 the percentage of winter killing was only 4.8%, and the five-year average from 1927-31 was 12.6%, or about one-eighth of the acreage. Should this year again be more normal in this respect, it would give us a standing acreage of about 50 million acres. The average crop on the standing acreage during the last eleven years was 14 1/2 bu and on that basis, provided we have a normal crop (neither a bumper nor an extremely poor one), it would give us 725 million bu of winter wheat. With the possibility of a spring wheat crop of 200 to 225 million bu, we would have a large excess above our domestic consumption of approximately 675 million bu.

It is plain that with the crop still three or four months ahead of us, no accurate figures can be given, but judging from the past, it gives a very cheerful outlook as to yields from present appearances, considering the large planted acreage. The shortest crop during this period was in 1933 when the yields were only 12.4 bu on the standing acreage, and the highest yield was in 1931 with 18.9 bu as the final outcome.

These statistics will have more influence as time goes on, always provided that in the meantime no very inclement weather changes the picture, as the actual demand for old wheat, both for domestic and export purposes, is more immediate and any extraordinary demand from any quarter has an effect. So the fact that China today purchased a cargo of Australian wheat had a steadying effect at Liverpool and their market did not fully reflect yesterday's weakness at Winnipeg, or here; nevertheless, at the close their futures showed declines from 1/8 to 3/8¢ a bu.

At the present time Europe is in the position of having supplies which are reasonable, but not over-abundant, and while many of the exporting countries are competing with each other to supply the demand abroad, no one country other than the United States has large quantities of wheat to sell, and the pressure is not particularly great.

The outlook for the earliest crop, which is to be harvested now, in India, is reported as very satisfactory, and holders of old crop wheat are inclined to liquidate their stocks; therefore, we may hear of somewhat larger shipments from that country. However, during the last ten or twenty years, India has not been an important factor, although any quantity of 5 to 10 million bu which might be shipped from there would just reduce the amount to be shipped from other exporting countries.

Primary receipts here were rather light again today, which, however, occurs very frequently on Tuesday, the total being 284,000 bu compared with 192,000 bu a year ago, and 289,000 last week. Shipments were actually larger than receipts amounting to 376,000 bu, and stocks at Kansas City and Minneapolis so far show a slight decrease of 59,000 bu. There was no export demand reported for United States wheat and unless more business is being transacted, we believe the decreases in the visible supply from now on will be

(O V E R)

smaller and that previous estimates of 90 million bu of total exports from the United States for this season will have to be reduced. In that case, our carryover might be larger than had been previously anticipated.

At various times during the session, May wheat was comparatively weaker than the deferred futures and this probably was due to the steady liquidation which is going on in that future, which might have been accelerated by the great weakness in Wall Street stocks. Should this pessimistic sentiment, as expressed in the decline in securities that business is not yet improving, continue, it is bound also to have repercussions in wheat prices, as under these circumstances, we could not look forward to active speculation on the bull side, and without this, it always takes a long time for prices to advance, even though they might do so otherwise, should the supply and demand situation justify it.

At the close our market showed an advance of 5/8¢ per bu for the May, and 3/4¢ for the July, compared with yesterday.

We understand there was some export business done overnight in corn, but at reduced premiums; nevertheless, the market showed a firm undertone, probably caused by considerably lighter receipts, and the total primaries were only 478,000 bu compared with 1,209,000 bu last week, certainly showing a great dropping off. However, offerings from the country are on the increase and with roads improving, we expect the movement will gain again very shortly and we consider the present price high enough, particularly as there are good carrying charges between May and July, as well as between July and September, which is always a handicap toward bullish operations.

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CHICAGO MERCANTILE EX.

CHICAGO March 9, 1938.

General rain has fallen the past 24 hours over Kansas, Oklahoma, Texas and Missouri. More is expected and it came more or less as a surprise, so far as the quantity is concerned, as the indications, according to the forecasters, had been for only very light precipitation. Nevertheless, it must be very welcome to the farmer who may be hopeful now, as far as this year's winter wheat crop is concerned, although naturally, there will still be many hazards before the wheat crop is harvested. We have even seen in exceptional cases when a week or so before the harvest there were torrential rains for long periods, reducing previous estimates considerably, but these are always the exceptions,and the rule is general that when there is plenty of moisture the result is good yields, so that anybody who might live thousands of miles away, provided he could keep track of the moisture, could almost guess with reasonable accuracy what the final outcome will be. The recent moisture has been general and widespread, hardly missing a single state, so that if at the present moment we were asked to mention any important state in the country which is suffering from drought we would be at a loss to name one. Of course, some states have been provided better than others, but certainly the average is a very good one; and from this point of view, crop prospects at the present time must be considered as extremely favorable. In addition, practically every European country also is well satisfied at this time and complaints are very few; even India, which is getting ready for harvesting very soon, promises yields better than the normal. In the spring wheat territories of Canada and our own country, it is too early even for seeding; therefore, it is premature to even talk about the outcome of the crop, yet soil conditions are very favorable, so the first point in its favor has been gained. This necessarily will become more and more important every day as the season advances, and it also will have its effect on the old wheat situation, as we assume that when the farmer sees his plant greening he will be more inclined to sell his old stocks. All statistics, both governmental and private, indicate that farmers' holdings are very much larger than they were a year ago this time, and with the temptation growing to dispose of same before the new crop comes on the market we expect gradually a largely increased movement.

A short while ago we were in great hopes that same would be offset by an equally large export demand, and even thought it possible that the latter might be greatly in excess of new receipts together with our home consumption, but during the last four weeks we have been disappointed in the European demand. Sales for hard winter wheat from the gulf have been very sporadic, and very frequently for wheat which has already been cleared. Of course, we do not expect to be left entirely in the cold, and think some export business will be done right along, but we doubt whether it will be on the same scale as heretofore. The demand overnight was very light, and only a few loads of United States and Canadian wheats were reported sold for export.

Liverpool wheat cables were rather weak, declining 3/8 to 3/4¢ per bu, due chiefly to heavier Australian clearances. We presume that after Europe has knowledge of the splendid rains here they will be more disinclined to make large cash purchases except for their absolute requirements. This, particularly so as the Canadian markets already were affected unfavorably; consequently, this competitor undoubtedly will make offers to Europe at considerably reduced prices.

Primary receipts today were very light, 282,000 bu; considerably less than they were last week, at 340,000 bu, and only moderately larger than a year ago when receipts were 179,000 bu. Until this changes there will be continued decreases in the visible supply.

The feeling became very pessimistic during the session, and at the close the May future showed a decline of 2¢ per bu, and the July 1 3/4¢ per bu compared with yesterday.

Corn receipts remain very moderate, 641,000 bu, while shipments were 454,000 bu, indicating a steady demand. This cereal held very strong, particularly considering the weakness in wheat, and we presume it is all due to the firm belief that with the Argentine crop so much smaller than in previous seasons there will be continued export business. This may last during the next twelve months or more, or until another large Argentine crop is raised.

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CHICAGO March 10, 1938

Premier Chautemps and the entire French Cabinet resigned today because their demands for extraordinary financial powers were rejected. This had no effect on Wall Street security prices, as it had been expected, nor on grain markets, but the French franc went to the lowest point in over twelve years. Should there be any financial troubles in France, they would be bound to have repercussions all over the world, although we believe the danger is rather remote; it has to be kept in mind, but should not be an immediate factor. As France is one of the parties of the tripartite arrangement, naturally any decided change in their currency would affect English and our monetary policies.

Of late we have not suffered from a large influx of gold because foreigners are more or less afraid of sending funds to this country at present on account of our recession; in fact, occasionally they withdraw their balances, and possibly two to three billion dollars in gold had been hoarded abroad; this may come out again later and a large part might come to these shores. Considering that the gold held by the central banks of the world in value was only about $12 billion in 1933, and is now over $24 billion, with an increase in yearly gold production from $525 million in 1933 to $1,233 million in 1937, it is easy to see how there could be a foundation for inflation, if conditions otherwise would be favorable for it or if it would be decided by the different administrations in the various countries to encourage it.

There were no further rains of any importance in the Southwest, but precipitation during the last 48 hours was sufficient for all purposes, and the trade is fully prepared now for a very large winter wheat crop, unless something unforeseen should happen later on. The Kansas Weekly Report is also quite favorable and states that wheat is benefiting from recent snow and rain, with condition of the crop showing improvement over the entire state; development has been rapid in the south central and eastern counties where moisture supplies had been more plentiful than in other parts. It is claimed, however, that in the western half the wheat is being sustained on only a few inches of top-soil moisture, and, therefore, moisture will be needed again during the next few weeks. Also, above average precipitation during the spring months will be necessary to prevent heavy abandonment of wheat acreages in western Kansas. Nevertheless, we could suffer quite a little damage and still produce an average crop, or above, judging from the present outlook, particularly as the soft winter wheat belt has been so well favored with moisture.

The foreign demand for North American wheat was reported as very small overnight, and according to official figures, United States wheat exports up to March 5th, including flour, were about 56 million bu, which will necessitate additional clearances of 34 million bu to bring the amount up to 90 million bu, the estimate for the whole twelve-month period. This would mean weekly shipments of two million bu up to July 1st, from this time forward. The domestic flour demand also remains highly unsatisfactory and sales of flour in the Northwest last week averaged only 35% of capacity, compared with 28% the preceding week and 27% a year ago. Sales in the Southwest averaged only 16% of capacity, compared with 23% a year ago. Mill operations were stepped up last week with total flour output of the mills reporting to the Northwestern Miller amounting to 1,242,708 barrels, compared with 1,154,403 barrels in the preceding week, and 1,196,701 barrels in the corresponding period a year ago. The weekly requirements of wheat for this amount of flour would still be very small.

Liverpool cables were weak. Their futures showed a decline of 7/8 - 1¢ and they were very largely influenced by the reports from here. Inasmuch as the Winnipeg market showed further declines today, we expect another weak cable tomorrow. Black Sea shipments were somewhat larger than last year, amounting to 864,000 bushels, versus 192,000 bushels a year ago. On the other hand, Argentine clearances were only 2,388,000 bu, compared with 7,239,000 bu in 1937, and is further proof that the world is getting along with very small amounts of imported wheat this season.

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Primary receipts were only moderate - 311,000 bu, compared with 298,000 bu a year ago. With such poor demand, stocks are not decreasing very rapidly, and so far this week Kansas City and Minneapolis showed a decrease of only 92,000 bu, which leads us to believe that decrease in the visible supply on Monday will be rather light.

Large sales of wheat from Chicago were reported - about 135,000 bu, but nevertheless, May wheat is the weakest of all futures. This is probably due to continued liquidation in May wheat and we believe that so long as this future is at a premium over July, the same tendency may prevail for some time. It should never be forgotten that there are plentiful supplies of old wheat and that hardly ever before has May wheat finally sold at a premium over July, when there was a carryover of 200 million bu, such as is anticipated now.

At the close May wheat showed a decline of 3/4¢, and 3/8¢ for the July.

There was no particular feature to the corn market. Receipts are moderate, but sufficient for all purposes. Primaries today were 696,000 bu, compared with 802,000 bu last week, and 287,000 bu a year ago.

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CHICAGO MERCANTILE EX.

CHICAGO March 11, 1938

Liverpool wheat cables were very weak before our session opened, and declined even a little further afterwards, but they made some recovery when great strength was displayed here; however, their closing prices were 3/4 to 1 1/8¢ per bu lower than yesterday. This does not indicate any great war scare, but yet the strength here was entirely due to fears of foreign complications, and the market went up after an earlier decline because of the Chicago American headline reading: "MASS HITLER ARMY". Our belief is as strong as ever, despite the bad Austrian situation, that no European war is imminent. This is based chiefly on the reasoning that no great power wants it-- that the central powers are not prepared for it economically, and that the others have not yet completed their armament program. On the other hand, it is quite evident that no lasting, or even immediate, solution of the European problem is possible. The demands of the "have not" nations to the democracies which are so much better off are so great that even with the best intentions of Chamberlain it looks extremely doubtful whether France and England can come to terms with Italy and Germany; therefore, dissension is likely to continue and from time to time will be a market factor.

Further weakness in security markets, both here and in London, as well as in Paris and Amsterdam, was attributed to the new dangers which are involved on account of Austria taking a very decided stand in its home affairs, something which is very much disliked by Germany and the Nazi Party. The plebiscite on Sunday in Austria is likely to cause disturbances; also, Germany's preparations on the frontier to be ready for any emergency, although it is not believed that actual mobilization is taking place.

Were it not for the extremely favorable crop prospects and the belief that wheat supplies will be very abundant later on, the market undoubtedly would have advanced considerably more, but the war scare may play out and old and new wheat will be pressing on the market soon, which will make it difficult to hold up prices if only based on possible international disturbances.

There is also the unfortunate French situation at the present time, where efforts are being made to form a new government and it certainly would be very disturbing if a new cabinet could not be installed before the Austrian plebiscite on Sunday.

The foreign demand for wheat was again small overnight and as actual stocks abroad are very moderate and would be considered as very small in case a war should break out, it is evident that no preparations are being made for that event as yet in laying in larger supplies. Europe is also impressed with the very favorable crop prospects abroad. In France springlike weather prevails, with crops progressing normally. Temperatures in Germany are seasonable. In Russia the weather is milder with snow melting in some places, but in others a good snow covering exists. In Italy the weather is favorable and spring wheat crops are making good progress, while there is a great improvement in winter wheat prospects.

As far as the United States is concerned, there were no further rains overnight, but they are not needed. We had a message today that a large landowner says the Northwestern Kansas wheat crop looks like the best in five years. This is the territory which had suffered so much for many years in succession. As a matter of fact, we are still without complaints from anywhere, which could be called alarming, and so far it looks as if the largest part of the acreage planted will produce more or less bushels, according to weather conditions; but in any case, there is an optimistic tinge everywhere as a result of recent moisture.

A little before noon the United Press reported that an emergency session was to be held late in the afternoon, and that the plebiscite had been postponed indefinitely. This caused some recession in the grain market. Later, however, there were rumors that Chancellor Schuschnigg was going to resign; this again firmed up prices. Therefore it is quite plain that we are dealing now with political factors

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more than with actual wheat conditions.

Australian shipments for this week are very heavy-- 4,512,000 b u compared with only 2,516,000 bu last year; but Argentine cleared only 2,208,000 bu, or almost 5 million bu less than last season, when clearances were 7,239,000 bu. Since January 1st Argentina has shipped 48 million bu less than in 1937; so the amount left for future purposes is not so very much smaller than it was a year ago in spite of the shorter crop.

Our primary receipts were just moderate-- today's being 340,000 bu versus 504,000 bu last week, and 255,000 bu last year. Stocks at Kansas City and Minneapolis so far this week show a decrease of 357,000 bu, with indications that the total decrease in the visible on Monday will be only fair.

At the close our market showed an advance of 1 1/8¢ per bu for May wheat and 1 1/4¢ for July compared with the previous close.

Corn receipts continue to be quite substantial-- 734,000 bu against 811,000 bu last week, and 379,000 bu last year. The demand is only moderate, and we look for a further increase in the visible supply, particularly here in Chicago. The demand is only fair, but yet sufficient to maintain prices, and with plenty left in the country there is no special inducement to accumulate large lines. We doubt if prices will advance materially.

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CHICAGO MERCANTILE EX.

CHICAGO March 12, 1938

The news of the sudden occupation of Austria by Germany, without a shot being fired, caused great consternation in all European chancelleries. Nevertheless, great fears that it will cause an immediate European war do not exist. The chief reason is that no nation is anxious to start anything so serious; Germany has attained her purpose without a battle; she is likely to be satisfied if she is let alone for the present, and is in a position to ignore the various protests so long as no one is anxious to fight. If it is a fact that Italy was more or less surprised at the quick turn events have taken, it may change political alliances in the future, and Germany, the chief offender, may have to be more careful from now on. Since Italy had betrayed Germany in 1914, and Germany reciprocated now to Mussolini, it is quite likely that in the future the Rome-Berlin axis will not be a strong one.

It is entirely too early to obtain a clear picture of the whole situation, but judging from world markets, their actions are not such as usually take place on the eve of an expected war. Naturally, the disturbance could not be without some effect-- sterling exchange weakened-- francs gained, but this was possibly due to improved internal conditions; copper, hides, and cotton all declined, which was quite unnatural. International stocks showed but very little change, and wheat prices advanced considerably less than would be the case if a war were in sight. Of course, so far as wheat is concerned, it always must be borne in mind that at the present time prospects are for a very large crop, and this is a reality, while the political factors may not lead to any action, so whatever has happened might soon be forgotten, so far as the general trend of prices is concerned.

Our weather man expects further rains in the Southwest late Sunday, or Sunday night, and the long-time weather prediction for the coming week is also very favorable for frequent precipitation in many sections. In the meantime, we find the export demand very poor, and although the ticker mentions sales of 400,000 to 500,000 bu of United States wheat abroad, we cannot trace it, and this may possibly include some wheat which was sold late yesterday, and which may not have been previously reported. An Oklahoma paper gives the precipitation for that state during the month of February at 4.45 inches, which is 3.14 inches above the forty-seven-year average, and the highest February average on record. For the same month last year the rainfall amounted to 0.41 inch, and in 1936, to 0.42 inch. In Canada the February precipitation at the main observation stations on the prairies was 2 1/2 times the normal for that month, falling chiefly in Manitoba and Eastern Saskatchewan, with some deficiency in Southern Alberta. Evidently the largest producing centers have been well favored.

However, it daily becomes plainer that the supply and demand situation justifies lower prices, provided there is no great deterioration from the present good prospects. If political factors enter the situation later, of course, that will be an entirely different matter; but we believe that the best posted authorities would not venture to express any positive opinions now but we believe they are all inclined to assume that there will be no great conflagration.

The advance in Liverpool of 1 3/8 to 1 1/2¢ on their futures was quite natural. It was partly in sympathy with our strength here late yesterday, and there was some short covering, but it must have been on a very small scale as Broomhall stated that the quotations were almost nominal. Therefore, any turn inaffairs for the better might quickly change their market.

Our movement here is only very modest, receipts being 314,000 bu compared with 351,000 bu a year ago; and for this week they are 2,176,000 bu, somewhat smaller than last week at 2,623,000 bu, but larger than last year when they amounted to 1,674,000 bu. Stocks at Kansas City and Minneapolis for the week show a small decrease of 376,000 bu, indicating a very moderate decrease in the visible supply on Monday.

At the close the market showed an advance of 1/8¢ per bu for the May wheat and July was unchanged compared with yesterday.

Trade in corn is so light that it is not eas y to bring about sharp fluctuations. The whole volume of trade yesterday was only 2,306,000 bu. Primary receipts are fair, 636,000 bu, about sufficient to take care of all the demand and they only exceed shipments very slightly, same having been 506,000 bu. For the week there was quite a large dropping-off, the total being 3,909,000 bu versus 5,891,000 bu last week. There is some export business going on right along, therefore, do not think the visible supply will show any material change.

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CHICAGO MERCANTILE EX.

CHICAGO March 14, 1938

Austria, which had been a political unit for over a thousand years, or more, has suddenly disappeared from the map of Europe, and has been absorbed by Germany. While this event had been partly expected and foreseen in the more distant future, the way it was brought about has shocked the civilized world. Nevertheless, the political atmosphere may be cleared for the time being. While England's prestige has suffered for the monent, yet conducted with prudence and skill British diplomacy may yet steer mankind away from disaster. Ceaselessly and impressively the mounting armament in that country may tend to repair their damaged authority. The shocking event has started to crystalize opinions in England; there are too many still alive who have seen and remember what a war means. Hitler, who knew that England would make any reasonable sacrifice rather than become involved in such a catastrophe, made another great bluff, defying all decency and breaking promises, but as a consequence, feelings in the democratic countries have been so aroused that it is not likely he will dare to any further for the present. At heart he dreads war as much as anybody, and as such an eventuality will not occur unless somebody really wants it, the chances are that for the present this danger has been avoided. This see to be the consensus, as indicated by firmer stock markets and great weakness in wheat.

Timid capital in Europe, however, has suffered a great shock, and since further exchange restrictions at some future time are possible, there has been buying again of American dollar exchange, in consequence of which both sterling and francs declined. The fall of French exchange was quite considerable, and the franc sold at a new low since 1926. A statement by Premier Leon Blum giving formal assurance today that his popular front government will not institute exchange control in the near future, is not at all reasuring. Had he left out the last phrase "in the near future" it would have been construed as constructive, but the way it is worded we have to fear that sooner or later with the unbalanced budget in that country exchange control is in sight. This may start again a movement of gold to this country soon. Should it come about, our gold stocks would increase again, and if it assumes large proportions it would mean heavier borrowings; it also would have the tendency of inflation. In extreme proportions it might cause new worries about the maintenance of the fixed gold price of $35.00 per ounce, thus causing deflation. However, this is so far removed that much might happen in the meantime before it could materialize.

The great decline in Liverpool wheat futures since Saturday gave a cue to our market, their final loss being 3 1/8 to 3 1/4¢ per bu. Outside of the change in the political situation, traders were also influenced in their operations by the heavier arrivals of wheat in the United Kingdom of 4,456,000 bu compared with only 2,643,000 bu last week, and the pressure from arriving Australian cargoes was also depressing. World shipments were again lighter than a year ago at 10,556,000 bu against 12,219,000 bu a year ago; the contribution from all of North America was only 2,372,000 bu, and as probably about one million bu may have been shipped from Canada, it would leave only comparatively small amount cleared from the United States. Last year at this time Australian shipments started to decline. There was only one week up to May 1st when they reached an amount as high as 3 million bu, although later on they grew heavier again. However, Argentina continued to make large contributions-- on March 18th for the week they were 7,232,000 bu, and for five weeks in April they averaged 6,290,000 bu weekly. So it is to be assumed that by way of comparison clearances from the Southern Hemisphere will continue to be much smaller than in 1937.

Primary receipts are becoming heavier, today being 689,000 bu versus 529,000 bu a year ago, and receipts at interior points are very much larger than last season, probably due to the good crop prospects and the larger amounts of wheat held in farmers hands. If this keeps up,unless there is a corresponding demand either by domestic mills or from Europe, we doubt whether stocks will decrease very considerably

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from now on. In the meantime the visible supply decreased 1,703,000 bu compared with 1,976,000 bu last week and 1,374,000 bu a year ago; total supplies are now 56,637,000 bu, or 20,385,000 bu larger than in 1937 same period. Chicago stocks decreased only 128,000 bu, and there are 8,791,000 bu of wheat still in this city, which is rather a large quantity considering that May wheat is still at considerable premium over July. However, the premiums narrowed today to the smallest difference since the two futures were traded in on this crop.

At the close our May wheat showed a decline of 2 7/8¢ per bu and the July 2 3/8¢ compared with Saturday's close.

Weather continues to be ideal for the growing crops. The outlook at the present time is most promising, and as long as this lasts we believe still lower prices will prevail. It seems with the large carryover which we anticipate, together with prospects of good crops in sight almost everywhere, that it will be difficult to hold a high or even a moderate price level for wheat. This, of course, could be altered if events changed in the future, but it is based on normalcy from now on, neither exceptionally good nor particularly bad.

Corn could not withstand the weakness in wheat, and suffered accordingly. The visible supply shows an increase of only 8,000 bu, but yet the total is now 38,314,000 bu, and is 25,618,000 bu more than a year ago. Chicago stocks are very big at 10,028,000 bu, and gained 1,020,000 bu for the week. The export business at the present time is very light, but it is bound to be more or less of a factor right along. Argentina shipped last year from this time up to July 29th 145 million bu, and with the small amount which is left and the poor crop which is in sight, it is impossible for that country to anywhere near equal that amount this year, so that the deficiency must be covered from other countries.

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CHICAGO MERCANTILE EX.

CHICAGO March 15, 1938.

Political developments since yesterday were closely watched, but there was nothing in the way of news to create the feeling of a war scare. Great Britain, following Chamberlain's speech, rushed towards completion the greatest armament program in her history as an immediate retort to Hitler's seizure of Austria. The Blum Cabinet just formed reaffirmed the arms pact with Prague, and while none of these incidents were construed as exciting for the moment, there was considerable nervousness again in foreign exchange markets, with renewed offerings of French francs, the rate falling sharply since yesterday. Sterling exchange was also quite weak, and there has been a decline in London in the gold price to $34.77 per ounce compared with $34.88 yesterday, bringing the quotation about to the level at which possibly gold will be shipped from London to the United States. There is not much of this business being reported in view of uncertain conditions prevailing; possibly the shipping banks will hold off for the time being, as the current margin of profit is not very great.

All these events keep traders on their guard, and it was thought this morning that with the further weakness of British exchange that possibly some covering of wheat took place, final prices in Liverpool showing an advance of 1/2 to 7/8¢ per bu for the May and July futures, while the March delivery was a fraction lower.

There were 216,000 bu of Australian wheat tendered on contract in Liverpool, which probably influenced the nearby month, and according to Broomhall there was also some switching of March longs into the more distant positions; but more important than any of these small changes is the fact that the foreign cash business is still extremely quiet, and hardly any fresh export business developed from here, despite the fact that foreign quotations were a little bit better than expected.

Our market opened very firm and was also influenced by the strength in Winnipeg and in the Argentine. Overnight weather news was quite favorable in most localities, and many points in Kansas reported moisture. At Goodland, which is in the western district, they had 1 1/2 inches of moisture, partly in the form of snow, and this occurring in one of the areas of the dust bowl could only be construed as favorable. It was also claimed that the moisture reached as far west as Calhan, Colorado, and all the way north into Nebraska, and as much as one inch as far south as Tribune, Kans. There were, however, some reports of dust storms, and in Garden City, Kansas, for instance, which is a little further south than Tribune, moisture must have skipped that territory entirely. Our reports from Nebraska were also extremely good, one party claiming that the rains were quite general over that state, and the Burlington R.R. said that from 1/2 to 1 inch of rain fell in the West. A friend of ours from Texas in the milling trade, who is well acquainted at Texas and Oklahoma regions, told us that on the whole prospects were almost the best since 1931; but strangely enough when two or three places complain of dust, it has almost more effect than if seventy-five places boast of good prospects and moisture. It is also important to know that over all states there is no cold of consequence, and, therefore, there can be no complaints from any hard freezes at this time, Indications are for mostly fair weather over the Northwest tonight and Wednesday, except showers over central and southern Minnesota tonight, while for Nebraska, Kansas, and Oklahoma, our own weather man is predicting fair in the western portion with probably showers in the eastern sections tonight and probably fair Wednesday. The central states, which are very seldom mentioned, will probably get rain tonight and Wednesday, and this is also extremely important because the territory tributary to Chicago is often an important factor in later determining whether or not there will be carrying charges.

Primary receipts were light today at 319,000 bu compared with 286,000 bu last year. Stocks so far this week at Minneapolis and Kansas City showed a net decrease of only 57,000 bu.

(O V E R)

Very little occurred in the way of price changes after the opening, but the important feature was the narrowing of the spread difference between May and July wheat to about 3¢ per bu; in fact some actual changes took place at that figure. The cash demand is extremely quiet, and, of course, with the crop news so encouraging it is thought that before long there will be a heavier movement again from farms.

At the last May wheat showed an advance of 3/8¢ per bu, and the July 3/4¢ per bu.

There was not a great deal of trade in corn, but most of the inspiration came from the leading cereal, so that finally fractionally higher prices were recorded. Primary receipts of the yellow cereal were 503,000 bu -- a little bit more than last week, but not a great deal more than last year when they amounted to 436,000 bu. Little was heard of export demand, although we are convinced that business will take place from time to time, as the Argentine crop is turning out much below the average return.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO March 16, 1938.

In order to prophesy successfully the trend of the wheat market in the immediate, or even distant future, one would require the talent of forecasting the outcome of the present disturbed political situation in Europe, and whether or not it will lead to war at some close date. Furthermore, one has to be an economist, as finances always exert a great influence on speculation and naturally affect the purchasing power; and last but not least, much would naturally depend upon the outcome of the crops both here and in Europe. The weather for the next three months will play an important part in the final outcome of the winter wheat. Later the kind of summer we shall have will determine the size of the yields in the spring wheat territory, as well as in Canada.

So far as the political situation is concerned, it is, to say the least, highly disturbing, with almost every continental country in Europe arming and making preparations for the worst, everyone being extremely nervous. With the success so far attained by Hitler, some hotheads might bring about a dangerous situation, which could not be held in check. On the other hand, it is generally believed that if England would say the word and promise to stand by France in case of attack on Czechoslovakia, the Fascist countries would hardly dare to oppose the democratic nations and start a war. But another danger exists: namely, the loyal government of Spain seems to be tottering, and Italy has assisted with a great many soldiers, munitions, etc. to help Franco; therefore, expects pay in return and also German help for services recently rendered in the Austrian occupation. This payment could only be made by gifts of strategic ports to Italy which would imperil the safety of England on the Mediterranean, and as her existence depends upon free passage on this 2,000-mile stretch of water, she certainly would be very much disinclined to give up her favorable position without a fight.

As far as finances are concerned, the immediate effects are very weak foreign exchanges, and sterling has now reached a point where gold shipments to this country have started, and nobody can tell what proportions they may reach while this uncertainty continues. No one considers any European investment safe for the moment. The bonds of many countries and cities in Europe are selling on a ten per cent basis --those of Milan, Rome and also Czechoslovakian bonds; also many others; even French bonds are selling now on about a 7 per cent basis, or worse. Should gold flow to this country in large quantities, it might be very inflationary unless we should sterilize it in large quantities, and this again would mean a great increase in our debt.

The London Stock Exchange today was very much depressed; even stock of the Bank of England declined sharply, and we generally like to take our cue from that country, as it is a financial center and usually keeps better posted than the others, and often when everybody else is excited she remains cool. The Liverpool wheat market, nevertheless, was very indifferent; in fact, weaker for the nearby futures, which we think was due to the fact that even in case of a war on account of the enormous quantities of wheat which might be available and the few countries which might be financially able to buy would not be similarly affected as in 1914.

According to Broomhall, this year's requirements from all importing nations will be approximately 500 million bu, and should they not be any larger next year, United States and Canada might raise a sufficient quantity to supply that amount for export, and have the same carryover as this year. With the consumption of the two countries being 670 million bu for the United States and 100 million bu for Canada, or 770 million combined, we would need crops in North America of 1,270,000 bu. Assuming that Canada would raise 350 million bu, and the United States 920 million bu, this would be sufficient; even if they should raise 100 million bu less with all the other exporting nations, particularly the Southern Hemisphere, it is evident there would be plenty for all purposes, and we still must not forget that we have a large carryover.

(O V E R)

Newspapers here were rather alarming, and had it not been for the extremely weak cables today, think we would have had quite some excitement at the opening of the market. As it was, prices ruled lower for a while, but later cables recovered. Nevertheless, at the close Liverpool showed a loss of 1 7/8¢ per bu for the nearby futures-- March and May --and a gain of 1/2¢ per bu for the July.

We found the actual cash demand was poor, although it is claimed tha about 750,000 bu of wheat had been worked from the United States. We doubt now whether total exports during the crop year will be anywhere near as much as had been anticipated some time ago. Primary receipts were 364,000 bu today compared with 282,000 bu last week, and 251,000 bu last year. Stocks at Kansas City and Minneapol so far this week show a decrease of 203,000 bu, which is much smaller than recently, and indicates only a moderate decrease in the visible supply on Monday.

At the close our May and July wheat showed an advance of 1 3/4¢ per bu compared with yesterday.

Corn receipts are becoming rather light --484,000 bu today, and much smaller than last week when they were 641,600 bu versus 322,000 bu a year ago. However, this is due partly to bad weather and impassable roads. Therefore we think the movement could grow considerably as soon as weather permits, and more hedges will be put into the market.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO March 17, 1938.

The chief topic of conversation on all commodity and security exchanges is still the complicated European situation. Through cable and radio service it is now possible for everybody to keep thoroughly posted on the latest news, but after this is all collected, there naturally still remain uncertainties as to what the future will bring forth. Events change so quickly from day to day --almost from hour to hour-- that every cautious trader is reducing his engagements to less than normal proportions regardless of his opinion of what intrinsic values are for either securities or commodities. The tension which existed yesterday has somewhat relaxed, but so long as the war in Spain continues and until complete assurances on the part of Germany are made strong enough so that credence will be given to them in view of the many broken promises, close watch will be kept on every bit of information which is obtainable and on every official expression that comes from the various governments.

It is more difficult than ever to use one's reasoning power as never before has a similar political situation existed. We have dictators now instead of responsible governments who could be trusted in the past, and they are willing to take any kind of a gambling chance to attain their purpose, regardless of morals or any other considerations; however, we feel that in view of their extreme poverty and poor financial condition, they will never dare to go so far as to provoke a war, and therein lies everyone's hope that at least for a while, peace will prevail, at least so far as the large nations are concerned.

Foreign exchanges fluctuated less, and Washington reports that the tripartite monetary agreement withstood the sharpest shock in its history, and the five participating countries came through the difficulty extremely well. However, it is claimed that about seven million pounds in gold is being shipped to America on Saturday, and this represents transactions on behalf of one or the other exchange equalization funds. This brings to the fore again the question: What effect will these gold shipments to the United States have on our credit system should they continue in large volume? We should never forget that the world produces $1,200 million in gold, which somebody has to buy, although nobody really wants it, except possibly the impoverished nations, and they cannot afford to acquire and hold it. The one commodity exchange where opinions were first crystallized in 1914, when war scares commenced: namely, Liverpool, at no time has shown any desire this time to be influenced -nor have they laid in large stocks; as a matter of fact, their futures are selling at a lower premium over ours than for many months.

At the close today their futures showed a decline ranging from 2 to 2 1/4¢ a bu compared with yesterday; their July is only a little more than 18¢ over ours now, and, therefore, our wheat could be purchased to much better advantage than heretofore.

The cash demand for export remains very poor, and we have not as yet been able to trace the actual sales of the large quantity which was reported yesterday. There may have been some duplication in the reports and sometimes the seller of wheat to an exporter considers he has made a sale for wheat to go abroad and then when the exporter actually sells it, he is also likely to give out a statement to that effect; therefore, duplications arise.

Black sea shipments this week are considerably larger than last year, amounting to 1,680,000 bu, compared with 408,000 bu last year. Clearances included 816,000 bu from South Russia, and with milder weather, heavier shipments from that country are quite likely.

Primary receipts here continue to be light, being 302,000 bu-- smaller than last week when they were 311,000 bu, and only a little more than last year when they were 262,000 bu, when farmers' stocks had been reduced to very low proportions. So far this week stocks at Kansas City and Minneapolis show a decrease of 378,000 bu, and we look for a very moderate decrease in the visible supply on Monday.

At the close our market showed a decline of 7/8¢ per bu for the May delivery, and 5/8¢ for the July.

Corn keeps strong without fluctuating a great deal. Receipts remain light --642,000 bu today compared with 696,000 bu last week; roads are still bad, therefore, the movement light, but this we think will change soon. Export demand is only moderate.

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CHICAGO MERCANTILE EX.

CHICAGO March 18, 1938.

Wheat traders and speculators are shifting their positions very frequently nowadays. As a general rule it is recognized and believed that the very favorable crop prospects at the present time virtually all over the world where wheat has been sown are such that under ordinary conditions lower prices could be predicted for the period when new wheat moves. This will be the case, as far as most of our Southern states are concerned, such as Texas, and later Oklahoma, in about 3 to 3 1/2 months. However, with what happened in Europe due to the sudden occupation of Austria, and two dictators with powerful armies behind them having become very reckless in their demands, it is not sure that peace will be maintained. In case of a prolonged war, of course commodities, and particularly wheat, are likely to be largely influenced, although there might not be a repetition of what occurred in 1914, because this wheat could only be obtained from here and other exporting countries by proper payments; large credits would be very unlikely, and the war chests of the European treasuries are very empty, with the exception of England. It is even doubtful just how much gold England could spare, although the Bank of England and the equalization fund have in their possession the largest amount they ever had, but part of it does not belong to them and is only being deposited there temporarily for hoarding purposes by Continental banks and citizens, because it is considered a safer place than many others.

There was no particular news today to make the world situation more alarming, except possibly an ultimatum sent by Poland to Lithuania; but whatever the outcome of the dispute between these two countries, it is not considered likely that other larger nations would become involved. An important speech will be made in the Reichstag today by Hitler between 1:00 and 3:00 P.M. Chicago time--too late to influence our market today, but naturally it causes nervousness in the meantime. It is supposed that the address will touch chiefly on matters connected entirely with the Austrian occupation, and, if so, it will have no effect.

In England pressure against Chamberlain's inactive policy is becoming very great, and just as in 1914 the final decision of the English government will be very decisive, and will be listened to by the dictators. If a firm stand is taken, indicating that England would not tolerate any further coups like the one in Austria, and would stand by France and Russia to defend Czechoslovakia, undoubtedly war would be avoided. We are still inclined to believe that something of this kind will occur, and, therefore, cannot recommend at the present time the purchase of wheat on war scares when we feel so strongly that if peace should be maintained such investments might lead to big losses.

Sterling exchange was very weak again today, and fears are entertained that gold shipments to this country might be on such a large scale that it would be burdensome for this country to maintain the gold price of $35 an ounce. This led to heavy realizing in gold stocks, which declined very sharply yesterday, and also today. We think it is a little premature to assume that this will happen, as the consequences would be disastrous, causing great deflation, but, of course, at some point we may be compelled to stop buying and accumulating larger holdings of gold; however, this might be deferred for years.

Early Liverpool wheat cables were very indifferent, but before our session opened they became somewhat stronger, and finally advanced still further. However, highest prices were not maintained, and at the close there was a gain of 5/8 to 1¢ per bu. While we could not prove it, yet we believe that the strength abroad was partly due to purchases of futures at Liverpool from this country. A great many spreads had been made selling Liverpool futures and buying ours when the difference between the two Julies was about 22 to 23¢, and a narrowing took place to about 18¢, showing good profits.

(O V E R)

We know positively of some buying orders sent from here to close these spreads, and the market is so narrow that sometimes small orders have great effect there.

There was no great demand for the cash wheat, and we believe export business overnight was rather small. There are no indications that the total exports for the year will be larger than previous estimates, nor that our carryover will be less than 200 million bu--in all probability it will exceed that.

Primary receipts of wheat were light today --317,000 bu compared with 340,000 bu last week. Stocks at Kansas City and Minneapolis show a decrease so far for the week of 579,000 bu.

At the close our market showed an advance of 1¢ per bu for both the May and the July wheat as compared with the previous day.

The corn market keeps strong, receipts being extremely light; primaries are only 469,000 bu today compared with 734,000 bu last week, and 399,000 bu last year. There is a steady export business going on; it is not in large volume, but we believe it will be continuous for a long time. Later on we expect a bigger movement, and may partially offset the export demand.

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CHICAGO MERCANTILE EX.

CHICAGO March 19, 1938.

The political atmosphere has cleared considerably overnight. Lithuania has accepted the Polish demands, ministers of both countries have signed a mutually satisfactory agreement, and all immediate dangers of war between these two countries have been removed. The Czechs have also made great concessions to ease the crisis, and their government announced that a bill would be introduced in Parliament to improve the status of the German minority. This leaves only the Spanish situation, where there is a great deal of combustible material which could lead to frictions. It now appears as though Franco's victory over the loyal government will soon lead to armistices and peace; Italy then, probably for services rendered, will insist on obtaining some ports, and also Germany will probably want trade concessions, particularly as far as the valuable iron and copper mines are concerned. They will then come into conflict with England. This latter country, as well as France, could not view with equanimity, the strong countries of fascists and nazis obtaining such power as to endanger the free passage of ships in the Mediterranean. However, gratitude is a virtue which is not being practiced much by governments; possibly Franco will find it to his advantage to side with England, and hold on to his possessions, particularly as he will need money to rehabilitate his country. Anyhow with nobody really wanting a war, the chances are the matter will be finally settled peaceably, although at various times more tension will prevail.

In view of all this, Liverpool was considerably weaker today--futures there declining 1 1/8 to 1 5/8¢ per bu. When it is considered that during the past week, when there was so much war excitement, wheat actually declined, so that today May wheat is 1 1/2¢ per bu lower, and July 3/4¢ lower than last Saturday it shows that the inherent position of this cereal cannot be very strong.

The fact of the matter is, crops are getting along exceedingly well everywhere, and all official statements from the various governments are very optimistic regarding final yields this year. For instance, the Berlin office of the United States Bureau of Agricultural Economics reports that in contrast with the past two seasons early wheat and rye prospects in Europe are good; should weather conditions continue favorable, a depressing influence, no doubt, will be exerted on price levels, as well as on United States exports of wheat. The Dominion Bureau of Statistics, states that a very promising outlook at the present time prevails for the various European winter wheat crops where conditions on the whole are up to the best that have been noted in recent years. They conclude that as a consequence unless unfavorable developments occur between now and harvest European wheat import requirements in the 1938-39 season are likely to remain low, around the 400 million bu level, and small international trade in wheat is in prospect. This certainly would be very much discouraging for us, because in all probability we shall have a larger surplus for export than in many years.

There was some wheat sold overnight to Mexico, probably 300 to 400,000 bu, and with farmers being only very moderate sellers there is no great actual pressure in the various markets at the present time. Primary receipts were only 326,000 bu compared with 314,000 bu last week, and 270,000 bu a year ago. Stocks at Kansas City and Minneapolis for the week show a decrease of 689,000 bu. Total receipts in Chicago for the week were 326,000 bu, while shipments were 435,000 bu, indicating another decrease in stocks in this city, but not large enough to reduce them considerably.

The weekly weather forecast is extremely favorable inasmuch as frequent precipitation in the Southwest, as well as in other wheat-growing states, is predicted. Should this materialize, the chances for large yields as promised at the present time would be fully maintained.

At the close our market showed a decline compared with yesterday of 7/8¢ per bu in the May future.

(O V E R)

Corn receipts continue to be very light, primaries were only 488,000 bu --only a little larger than in 1937 when we had a short crop, and when they amounted to 420,000 bu. At that time, however, we imported corn, and now we are exporting it. There was a very fair demand from abroad again today, and we believe this business will continue more or less until not only this but also next year's Argentine crop is harvested. That country had been supplying Europe with almost 80 per cent of all the corn they needed, and this coming season their surplus will be cut down considerably.

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CHICAGO MERCANTILE EX.

CHICAGO March 21, 1938.

Political news over the week-end was of a less inflammatory nature, and although a few public demonstrations occurred in Poland, these were considered isolated instances, and it is thought that diplomatic relations will soon be established again between that country and Lithuania. Prime Minister Chamberlain intends to make a formal statement of British foreign policy later in the week and it is thought his remarks in the Commons either Wednesday or Thursday will announce that Britain must avoid commitments in central Europe.

Apparently the news was sufficiently reassuring to England, because in spite of the fact that there has been no appreciable increase in European stocks of wheat, Liverpool futures went to seasonal lows this morning, March wheat over there showing a loss of about 40¢ a bushel from the season's high point. Actual declines were about 3¢ a bu for the active months and about 2¢ a bu for the October delivery, which is already at a discount under the nearer deliveries. The reason given by Broomhall for the sharp decline was that because of cheaper offers from Australia shippers are reducing their prices about 3¢ a bu, and this brought about both local and outside liquidation, in spite of the fact that nothing was tendered on the March contract.

With comparative cheapness in Australian wheat, there was practically no export business possible from this country and our market opened lower, with May wheat just a fraction over the season's lowest figure. Hardly any moisture was reported during the past 48 hours, but those who made trips to the country were very well satisfied with their findings and the appearance of the new crop seems to be good almost everywhere, with one observer writing us from Kansas that there are no blank spots in the fields at all in the territory covered by him, and this same comment seems to be almost universal, many claiming that the amount of winter killing will be smaller than it has been in a long time. Soil conditions generally in Kansas are improved, despite sub-soil moisture deficiency earlier, and many encouraging reports are now being heralded. There is a chance that further rains will visit Southwestern territories tonight, the official forecast being somewhat more optimistic than the views of our private weather man, but in any event, the plant is not suffering now and a good many people think that even without moisture for another two or three weeks, no great harm would result. In view of the fact that the acreage sown to winter wheat is one of the largest on record, we believe that with the area finally standing for harvest the crop may be extremely large, and this is apparently being discounted to some extent through price declines. We also saw a report this morning from Illinois where a reliable party considers present prospects above average and claims that the wheat is well rooted and that winter killing is about as small as he ever saw it.

As was pointed out by us earlier, the outcome in the soft wheat territory might prove very important this coming year, as it is apt to be a gauge of the amount of wheat which will finally come to Chicago, and abundant supplies in turn may bring about wider carrying charges than we have seen for the past four or five years. With this in mind, we believe September wheat will finally sell at a much greater premium over July than at present. Many inquiries are also coming to us as to the status of May wheat in relation to July, and we see no reason to change our opinion: namely, that May wheat will weaken further, as we do not believe it will take very heavy deliveries to satisfy longs.

The open interest in May wheat is still in excess of 47 million bu, which is very large for this season of the year, and we presume that another period of liquidation during April will put the nearby month closer to the July price.

(O V E R)

The visible supply figures when posted showed a decrease of 2,866,000 bu of wheat for the week, and supplies in all positions are now 19 million bu greater than they were at the same period in 1937. In spite of all the wheat sales reported from Chicago last week our local stocks decreased only 141,000 bu, and there are still 8,850,000 bu here in store. Great efforts apparently are being made to reduce supplies, owing to the premium of May wheat over July, but demand was rather dull today, and we did not hear of any red wheat having been sold out of Chicago.

The weakness in Winnipeg was greater than here, but this had little effect upon our price level, as Canada is selling at such great premiums over us.

At the last our May wheat showed a decline of 1 1/4¢ per bu, while the July was 1¢ lower.

Corn prices were influenced at times by the weakness of the leading cereal, but it was claimed that 400 to 500,000 bu were sold for export, although largely afloat stocks. The movement from the country should improve now as roads dry out, and local receivers claimed that offerings were on the increase. We think that with the large amounts still left on farms that sustained strength is not likely. There was a small increase in the visible supply; total stocks are now 25 million bu greater than they were at this time last year.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO March 22, 1938.

There was nothing new in the foreign political situation, and as a market factor it probably can be ignored for the time being. The British cabinet ministers were called into an emergency session today, but they seem to be concerned almost solely with the problems of foreign policy and national defence; and without further disturbances the Liverpool market is again paying more attention to the supply and demand factors.

Wheat prices in England continued to decline, with new lows established again in all positions. We have found in the past that the British are not addicted to "sunshine talk" unless conditions warrant optimism; but the fact that very favorable weather in western Europe prevailed, with further pressure from Australia, tended to bring about the feeling that present prices would be difficult to maintain.

There was the further fear that, as far as the United States was concerned, the American spring wheat farmers would seed about 22 million acres in addition to the 57 million acres sown last Fall to winter wheat, which would mean a total of about 79 million acres. Reports from the winter wheat areas indicated also that the amount of winter killing might be much smaller than normal, so that finally an extremely large crop might result in addition to approximately 200 million bu of old wheat on hand next July in the way of carryover. While a good many people have been bullishly inclined because of the fact that 85¢ did not suggest a very high price for wheat, nevertheless, it is well always to remember that once an article is produced the original cost must be forgotten and it can be sold only on basis of competition.

During the past year we have been rather fortunate in that we had pretty free use of the export market. While it is true that pressure fromAustralia is increasing now, there were crop failures in both Canada and in the Argentine, which permitted us to do more than our share of the business than had the latter two nations produced more normal crops. In our opinion the one reality which must finally be faced is the next Canadian crop, where apparently conditions are satisfactory for the moment. Moisture is claimed to be about the best in years and the present weather has been of great value because the snow is melting slowly, and, therefore, seeping right into the ground. It is true, of course, that because of the drought last year the Canadian government is only going to allow a certain amount of seed to each farmer, particularly in the drought districts, and many informed people seem to think that this will bring about a smaller acreage, possibly around 20 to 21 million acres, instead of 24 million which was the case during the last several years. Nevertheless, when conditions are right, through some means farmers can generally make loans and are able to carry out their plans, so if Canada should come through with a crop of, say 375 million bu, it would have a far-reaching effect upon our price level, because, Canada which is a country of not more than 10 to 12 million inhabitants, can use for all domestic purposes only about 110 million bu of wheat, including seed, feed, etc. Therefore,without the support of the Canadian Wheat Board we are of the opinion that all export outlets will be sought. It is, of course, very early to make all these plans for the future, but yet it is well to bear them in mind in the event that normal weather prevails and finally brings about a good Canadian crop following four years of poor returns.

As far as our crops are concerned, the future seems bright, although because of subsoil deficiency there are districts which will require moisture intermittently. One party reporting from Enid, Oklahoma, claims that taking the state as a whole conditions were as nearly perfect as was possible at this time of the year. He also thought that abandonment would be the smallest in years, and that there was plenty of subsoil moisture everywhere, except possibly in the panhandle of that state. We also had a wire from

(O V E R)

Fort Worth where a party had spoken by telephone with a great many dealers, and all were extremely optimistic. He concluded from his talks that the condition was about the best that they had ever had at this time of the year; and in the immediate territory around Fort Worth there was sufficient moisture for the time being and that probably several weeks of sunshine would be desirable. Amarillo, Texas, advised us that it was the consensus of grain men that the panhandle wheat crop was in the best condition than at anytime for the past six or seven years and that with normal conditions the panhandle could easily produce 30 million bu or better.

Probably influenced by the great weakness in securities, our market was at times weak, and May wheat today established a new low quotation on the crop.

We mentioned yesterday that the open interest in the nearby delivery is still very large, being in excess of 47 million bu. While this is about 54 per cent of total open contracts, we find that in the five preceding years about 57 per cent of the entire open interest was in the May, so that percentage-wise the amount of changing to other months may not be burdensome, yet we believe may be sufficient to bring about a closer parity with July unless there is a much improved demand either on part of millers or exports.

Toward the last May wheat recovered and the close was 1/8¢ per bu up, while the July was 3/8¢ higher.

Primary receipts today were very light --only 294,000 bu compared with 265,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a decrease of 129,000 bu.

Interest in corn was not very great, although the country seemed to be offering a little more freely --about 235,000 bu having been booked to come here. The export business was rather quiet, and we believe that as the roads improve receipts at terminals may pick up sufficiently to bring about somewhat lower prices.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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COMMODITY EXCHANGE INC.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO March 23, 1938.

Attention is again being directed more toward grain news, and this morning quotations from Liverpool were firmer than expected, closing prices showing advances ranging from 7/8 to 1 3/8¢ per bu. According to Broomhall, the foreign recovery resulted from higher Australian prices, wheat having advanced 1 1/2¢ per bu, and also reports thatPortugal was inquiring for wheat. At the same time the demand for Australian wheat in the United Kingdom was smaller, following yesterday's fair purchases, and there was nothing very stimulating in the news, particularly as no large export business from this country is passing at the moment.

Our market opened somewhat higher but was soon influenced by the great weakness in the securities market, which in turn may have been influenced partly by a statement issued by the Department of Commerce, which claimed that the four months of extremely rapid curtailment of business activity at the close of 1937 had wiped out most of the gains registered since 1935. General sentiment in the stock market is extremely discouraged, although this is having less effect upon grain prices than one would imagine. Possibly the reason for it is the fact that grain prices, and particularly those in wheat, have already slumped quite considerably, and May wheat, for instance, which sold below 85¢ yesterday, compares with the season's high of about $1.32 several months back. It is our thought, however, that it will be difficult to maintain wheat values, even if our crops should deteriorate moderately; and we still have in mind the possible competition from Canada next summer as the early conditions in that country are quite encouraging.

According to Sanford Evans; "Mild weather in western Canada has melted much of the snow and the fields are covered with water. In southern Saskatchewan, it is reported that rapid melting has caused creeks and rivers to overflow in many districts, inundating lands which have not yielded crops in many years. It is also stated that there has been little run-off and this should prove of benefit to the land. With Fall rains better than for a number of years, and the possibility that at last the long cycle of dry years has ended, an improvement in crop prospects in the Prairie Provinces may be looked for." We are sometimes apt to forget rather quickly, and owing to the fact that Canada had such small quantities to export this year, some may need a reminder that in a few months the situation may be quite changed. At the present time the Canadian wheat stocks are just slightly over 46 million bu compared with 85 million bu last year, not including the amount held by farmers, and while the carryover at the end of the season will undoubtedly be the smallest in years, it might soon be forgotten after another crop is harvested, provided, of course, results are favorable.

Since August 1st world shipments to European countries are 50 million bu less than they were a year ago, while to ex-Europe shipments were 23 million bu smaller, although last year there was included 25 million bu of wheat imported into this country from Canada. In any event, England, which takes almost half the wheat imported into Europe, seems rather confident of her position, and thus far has taken 8 million bu less wheat and 500,000 bu less flour than the previous season. Still hand-to-mouth buying seems to continue, and English millers seem rather contented with just taking on supplies as they are needed, as the flour business is also quiet. This is quite natural owing to the fact that Great Britain was able to purchase yesterday three cargoes from Australia at a price of 99¢ per bu, which must look attractive compared to $1.20 for American wheat, duty paid, or $1.22 for Argentine wheat, according to Broomhall's figures. He also points out that the spread between Liverpool and Chicago has narrowed about 6¢ per bu since the first of the month, and therefore little possibility of an active export business to England on this basis except for the high protein wheats.

Primary receipts today were rather light at 360,000 bu versus 211,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a total decrease of 499,000 bu.

At the close of the session prices were not far from the previous close, May wheat showing an advance of 1/8¢ per bu, while the July wheat was 1/8¢ lower.

(O V E R)

With the amounts of wheat in farmers' hands larger than last year, and also more in other positions, we believe that advantage should be taken on any advances to make sales, believing that the time will pass quickly between now and harvest, and that lower prices will finally result.

Corn trade was quiet and without much feature. The primary movement was heavier today --782,000 bu received today against 484,000 bu last week, and only 286,000 bu a year ago. The erport demand was also quiet.

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DAILY MARKET LETTER

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO March 24, 1938

There was an improved demand overnight for Australian wheat, and as we mentioned yesterday, England has been doing much of the recent business in that variety, because of comparative cheapness. The fact that Portugal took two Australian cargoes, and that Japan likewise made a similar purchase, had some effect upon foreign prices, and at the close there was an advance in Liverpool futures of 1/2 to 1¢ per bu. There had also been some reports of unfavorable weather and unsatisfactory prospects in Italy, which contributed to the advance, but yet in looking over the situation we see nothing to change our opinion: namely, that futures will tend lower in due course of time. It is true, a good deal of Australian wheat is hedged in overseas markets, probably largely in Liverpool, and, of course, as sales are made these hedges have to be lifted, but in the words of one of our friends at Sydney, Australia, " It must not be forgotten that farmers are still holding a large percentage of our crop, the bulk of which must of necessity be offered overseas by shippers. It is fortunate, indeed, for our market at the moment, that farmers are holding so well. Still, farmers will sell their wheat before September, as it is their custom here, with very few exceptions, never to carry over any quantities to the new season."

Nevertheless, with the rather light trade initial prices were somewhat higher here, and with the stock market showing an improvement, shorts were inclined to cover commitments.

In a special resume the United States Department of Agriculture stated that total European seedings seem likely to approach the record of 1935 when acreage of all wheat was around 79 million acres. They say that conditions to-date show little evidence of excessive winter killing in contrast to last season when the abandonment had been the heaviest in recent years.

In discussing conditions in this country they point out that if the abandonment of winter wheat should turn out as indicated in the official report of December, 1937, and if about 19 million acres of spring wheat are harvested, then the total wheat acreage for harvest during 1938 would be about 66 million acres compared with 64,460,000 acres harvested in 1937, and the average of 55,325,000 acres during the period 1927-1936. According to reports that we have, crop conditions are favorable in most localities; therefore, we continue to feel that with the large acreage there is every chance of producing very large crops. Based on many reports the amount of winter killing might even be considerably less than average. Of course, preliminary figures are at best merely a guess. The Department's figures are for about 630 million bu of winter wheat based on the December 1st condition, and approximately 830 million bu for the total United States crop, which in our opinion is a most conservative estimate.

There was reported a fair export demand for hard winter wheat overnight, but in our opinion clearances are not large enough to prevent us from having a very substantial carryover on July 1st. The actual overseas exports of United States wheat and flour are 61 million bu, and within 14 weeks we shall be dealing w ith a new crop.

Primary receipts of wheat today were very small at only 284,000 bu, which was hardly larger than last year when they were 277,000 bu. So far this week stocks at Kansas City and Minneapolis show a total decrease of 646,000 bu.

There was scarcely any feature to the market after the opening, and when the total business is published by the government tomorrow, it is likely to be smaller than yesterday when the volume of trading amounted to about 18 million bu.

We had a report from Amarillo, Texas, stating that a friend of ours had made a 175-mile trip through the panhandle of Texas and he found that the crop appeared almost solid and in wonderful condition. As a matter of fact, we are not receiving any serious complaints from any districts, and while no rain is forecast for the Southwest during the next 24 hours, there seems to be no immediate need for it.

At the close of business May wheat showed a fractional advance of 1/2¢ per bu, while July wheat advanced even less.

There was a little better commission house demand for corn, and while the receipts are increasing there seems to be a fair export business going on right along, which requires removal of hedges from this market. Rye was weak on small selling orders.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO March 25, 1938.

Despite some improvement in the European weather, Liverpool was again quite strong this morning, leading the advance, and at the close quotations were 1 1/8 to 1 5/8¢ per bu higher than yesterday. The dry spell in the United Kingdom appears to be breaking, and according to observers, is likely to spread to the Continent, where rain was also needed, while the weather in Italy is unsettled. However, there seems to be some improvement in the export buying and tenders on the Liverpool March contract are almost insignificant at this time, while a better cash demand in Britain has developed, probably due to the smaller Southern Hemisphere shipments direct to the United Kingdom. Actual clearances from the Argentine this week were 1,281,000 bu compared with 5,962,000 bu last year, while Australia shipped only 2,414,000 bu, or hardly more than last year, and actually less than was put afloat a week ago. We were advised by direct cable from Australia that the market there is drifting and lacks support, while figures published this morning claim there is about 71 million bu still available for export from that country, against 56 million bu for the corresponding period last year. This, of course, is a partial offset to the deficiency in the Argentine, but no doubt Europe will have to come to the other exporting nations now for at least a part of their supplies, and if this is the case, extreme weakness in Liverpool is not likely.

Our market might have shown a better undertone had it not been for the great weakness again in securities, which was a depressing factor, and, of course, precluded the possibility of much eastern buying, so long as such discouragement was still evident. This is also shown by the open interest in wheat, because total open contracts as of yesterday amount to less than 89 million bu, as compared with 110 million bu last year. This is somewhat significant in view of the fact that the visible supply is about 19 million bu greater now than it was a year ago, and according to the government supplies in various positions are also greater, but we can only account for the indifference through lack of speculative enthusiasm, or possibly fewer spreads between outside markets and Chicago.

There was no general change in the crop news, although higher-than-normal temperatures having been reported in a number of places naturally increased the need for additional moisture. According to our private weather forecast, there is a good chance that rains will occur tonight in the Central States, and possibly in northwestern Nebraska, but Kansas will probably not get immediate relief and already a few complaints from scattered districts are being heard. We also had a very optimistic crop report from Amarillo yesterday, which was mentioned in our market letter, but were told this morning by Mr. J. C. Crouch, whom we consider extremely well-informed, that so far as the Texas Panhandle is concerned, due to lack of sub-soil moisture and drought throughout the North Plains which extended to sections below Amarillo, the outlook for the crop does not look as optimistic to him as we had claimed, and that probably there would be greater abandonment of acreage in that particular district than was believed. Coming from such a reliable source, we think it is worth while to take cognizance of this report. It is our own opinion that the amount of winter killing taking the winter wheat on the whole will be very small and in most of the districts around here we are getting rather optimistic reports. We also had a resume by a friend of ours returning from Nebraska, who stated the entire territory south of the Platte river, and practically all over Nebraska is promising, except east of Holdrege, and for some distance west and north of that point. He pointed out, however, that while he had not seen that area, it is not large and generally not much of a wheat country, but that everything else in the state appears satisfactory. He even went on to say that in parts of Nebraska he thinks they have the best prospects for several years, and is of the opinion that there is a larger acreage than generally recognized.

(O V E R)

With this in mind, we are still of the same view as to the final outcome, and, of course, want to remember at all times that seldom is everything perfect; otherwise, the crop would be abnormally large. At this season of the year, it is only safe to figure on average yields, not forgetful that the sown acreage is big.

Primary receipts were just a trifle better than of late--395,000 bu, while a year ago there was a holiday. So far this week stocks at Kansas City, Duluth, and Minneapolis show a net decrease of 755,000 bu.

Toward the last liquidation appeared chiefly in sympathy with the discouraged feeling in the stock market and of business men generally. May wheat showed a decline of 3/4¢ per bu, while the July was weaker, closing 1¢ per bu down.

The widening of the spread appears due to the optimistic feeling that stocks of contract wheat are not overly large, although we believe that later on the country will sell more liberall

Corn was quite strong with a continuation of export business, which meant further removal of hedges, and this brought about a better sentiment amongst traders.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO March 26, 1938.

Liverpool quotations were lower, declines ranging from 1 1/4 to 1 3/4¢ per bu. This was brought about by a pause in the demand for Australian wheat, and also indications for rains in our winter wheat belt. With this situation prevailing export business was reported as extremely light, observers believing that most of the business was in new crop Manitoba wheat, which might even be of a speculative nature, and, therefore, not much attention is being paid to it. The recent comparative firmness in Liverpool has placed that market in a somewhat healthier position with Chicago, but yet Australia seems willing to accept about $1.00 per bu for cargoes CIF Europe, and still makes our wheat look comparatively high, so that we are not very enthusiastic about the business, except as some occasional cargoes are needed from time to time of high protein wheat for mixing purposes.

Most of the attention right now is being directed toward prospects of the new crop, and at the moment reports are quite encouraging. One of our correspondents in Denver wired us that about 1 1/2 inches of snow had fallen since yesterday, while Enid wired that a slow rain was falling between Enid and Oklahoma City, and they also talked with a few points West where cloudy weather prevailed with light sprinkles. It is also encouraging to view the weather map, as rains are suggested in the Southwestern districts tonight and tomorrow, and the weekly weather outlook also claims frequent periods of precipitation with temperatures somewhat above normal. This should allay fears of frost damage, although in most districts the wheat has not yet jointed, and the colder weather if anything is favorable, retarding the too rapid growth which might otherwise occur.

Outside of the good crop prospects we believe that too little attention has been paid to the general business situation which might bring about additional declines in wheat. The stock market was somewhat irregular after yesterday's sharp declines, but in any case, it was obvious that no decided change in sentiment had yet taken place; building up confidence is generally a slower process than the reverse.

At times strength in corn was a factor, and prevented any very sharp declines in wheat, but we believe that the main influence at the moment is the fact that there is no additional pressure with the movement from the country still very moderate. Of course, whatever sales are made to mills require the removal of hedges from the pit. This is liable to change as we draw closer to the new crop; and if prospects remain favorable two things may happen. First of all, the farmer, after he finishes with his field work, is more apt to sell his old supplies; and secondly, speculators generally discount in advance the pending crop movement.

Primary receipts today were 406,000 bu against 451,000 bu last year; for the entire week they amounted to 2,263,000 bu, versus 1,588,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a decrease of 930,000 bu.

At the last May wheat showed a small decline, amounting to 1/8¢ per bu; July was 1/4¢ lower.

There was not a great deal of trade in corn, although the foreign demand was less keen, but yet it is figured that with a much smaller crop in Argentina that Europe will have to come here for considerable quantities right along. This, of course, is a potentially bullish factor in spite of the large supplies remaining on farms.

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DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO March 28, 1938.

World's wheat and flour exports this week amounted to 9,167,000 bu compared with 11,294,000 bu last year, or about two million bu less. Analyzing the sources where this wheat was obtained, we find that North America cleared 3,264,000 bu, or over one-third of the total, and almost twice as much as was cleared last year. We are convinced that a very large share must have come from the United States, as Canada has comparatively very little wheat left for export and their prices are relatively high. We also see no reason to assume that this will change materially until another crop is harvested in Canada. After that, (provided that country has normal yields) we believe the United States will again have a very sharp competitor there and with reduced consumption in Europe and a good crop outlook, our export chances after September or October will be less favorable. In the meantime, the amount on passage is only 40,976,000 bu versus 57,690,000 bu in 1937, or 17 million bu less; therefore, we think Europe and ex-Europe will require at least nine million bu, and probably more, every week and the United States should be called upon to furnish its share.

Under these circumstances, it is easy to understand that the Liverpool market remains relatively firm for the time being and the declines there were only 1/8-1/2¢ per bu on the various futures except July wheat, which was unchanged. This in spite of the fact that they already had knowledge of the wonderful rains over the week-end in our Southwest, which had a depressing effect abroad; otherwise, the tendency undoubtedly would have been stronger. Nevertheless, only a moderate cash business was reported overnight in hard winter wheat, but this business always comes in a sporadic way and may turn up again at any time. This is not exactly a bull factor so far as our price level is concerned, as we have plenty of old wheat to spare and the nearer we approach the new crop the more the desire will prevail on part of farmers and elevator owners to dispose of all they can with the almost sure prospect that this wheat can be replaced at relatively lower prices, with July wheat remaining at a good discount under May. However, more important than anything else, in our opinion, were the very heavy rains in the Southwest, including Texas, Oklahoma, Kansas and Nebraska, covering almost every point and the results of this moisture must be very beneficial for the crop, and will compel the raising of previous estimates which were made. We shall have to wait two weeks until April 11th, when the government will give its estimates on the probable yield of winter wheat in this country, and whatever figures we obtain then will be considered as highly important, as after all, the Department of Agriculture, judging from past experience, has about the best sources of information of the wheat conditions all over the United States.

In the meantime, it is the privilege, and almost the duty of every commission man who is frequently consulted and asked questions about probable yields to make his own forecasts, and we have no hesitancy to say that from all information we can gather considering the large winter wheat acreage, and barring unforeseen accidents, that it looks as though we might raise a very large crop--much larger than those in the past three or four seasons, and even better than the last one, which was considered as very good and much above requirements.

Our market, influenced by the favorable weather conditions, was quite weak at the opening and shortly afterwards, but it received some encouragement from the great strength in Winnipeg May wheat. There seems to be a very tight situation in that market, with a large concentrated interest either by export interests, or by other concerns, and the total quantity is estimated to be larger than is likely to be delivered owing to the small stocks of contract wheat. In our opinion, this is more a local condition and will not permanently affect our price level materially.

Primary receipts were reasonably large --657,000 bu, compared with 524,000 bu last week, and 494,000 bu last year. These re-

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ceipts are not burdensome and stocks in most terminal markets continue to decrease, so that our visible supply today has been reduce again during the week by 2,771,000 bu, and now amounts to 51 million bu. Last year the decrease was only 1,514,000 bu, the total stocks in the comparative period being 33,235,000 bu, which is stil 17,765,000 bu larger than they were then.

At the close, our market showed an advance of 3/3¢ per bu for the May future, and 1/8¢ for the July. The stock market was a trifle stronger today, but was not much of an influence, and we believe our prices will continue to depend largely upon the amount o wheat raised, as gradually the old-crop situation will lose its force, and the size of the new crop will be discounted. The corn movement, as we expected, is enlarging and primary receipts today were 2,231,000 bu, compared with 761,000 bu last week, and 289,000 bu last year. The market keeps steady as there is some daily export business going on and this, together with the local demand, is about sufficient to absorb the receipts. The visible supply decreased 475,000 bu, and is now 37,962,000 bu compared with 11,946,000 bu last year, or approximately 26 million bu larger. The assumption is that there is plenty corn left in the country in farmers' hands and that we shall be able to supply foreign countries with whatever they need without any great trouble.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO March 29, 1938

Liverpool wheat cables were exceedingly strong today, futures advancing from 2 1/8 to 2 5/8¢ a bu. It seems that the strength at Winnipeg and Buenos Aires yesterday was immediately effective and English millers turned to Australian wheats in anticipation of a better flour demand. There was quite an amount of cash wheat purchased from Australia and India, as well as from North America. Inasmuch as prices of the Canadian old-crop wheat are very high, we believe purchases which have taken place are mostly in Gulf hard winter wheat, although some business in new crop futures of Manitobas has also taken place.

Our own market, which under ordinary circumstances would have been very largely influenced by the great strength abroad in the most important market, was comparatively little affected early, as there were quite a few offsets which could not be ignored. The weather overnight for the growing wheat plant had been extremely favorable, and also, Wall Street stocks had again declined sharply, showing that the economic situation in this country is such that speculation is likely to be at low ebb so long as this condition exists. We also assume that from now on the new crop outlook will become the dominating factor. Should there be no mishaps, with the wheat plant progressing normally, the fact that there is likely to be a steady demand from abroad for the next 2 1/2 or 3 months will take second consideration. This, for the reason that there is ample wheat in sight for all purposes, both domestic and abroad, and there is very little possibility of a scarcity.

Speaking broadly, in spite of the poor Argentine crop, the present combined supplies of wheat which are left in Australia and the Argentine will probably be as large as last year, as the smallest shipments up to date from the Southern Hemisphere practically offset the decrease in the size of their crops. Canada, we believe is the only exporter which has a large deficiency, compared with 1937, but the United States will more than offset this; also, the Black sea ports, including Russia, as well as India, are likely to ship more. The European consumption has been less than last year right along, and according to Broomhall's estimate, this is likely to continue, so we must assume that the world carryover will be larger than that of last year when there was a sufficiency, although smaller than for many years past.

The European crop outlook in general is quite favorable, with the possible exception of Italy, from where serious complaints of droughty conditions have been received. In our country most reports from the Southwestern territory are extremely favorable now, but we must rely on the government report to be given out on April 11, before we can form more definite opinions as to what the probable yield for winter wheat might be.

In 1936, the condition in December was 75.8%; in April, 1937, 73.8%; the abandonment of acreage being 18.5%, and the final crop on an acreage of about 47 million acres, 685 million bu. We are inclined to believe that the standing acreage this year will be larger than that and the abandoned acreage much smaller. Also, we believe the condition will be higher. At various periods in the past the crop looked so bad at this time that in 1933 the April condition was only 59.4%, the acreage being only 30 million acres-- final crop, 376 million bu, so assuming that this year we shall have 50 million acres, even a yield as poor as that would give us 625 million bu. The largest winter wheat crop ever raised was in 1931 when the condition in December, 1930, was much higher, being 86.3%; in April, 1931, 88.8%. The abandonment was only 4.8% and on an acreage of 43 million

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acres, we raised 820 million bu. We are just giving these extremes to indicate what the possibilities are in either direction. We are convinced, however, that in any case the acreage left standing this year will be larger than in any of the previous seasons, the largest having been last year with about 47 million acres, and the smallest in 1933, with 30 million acres. In order to reduce our acreage to last season's there would have to be an abandonment of over 10 1/2 million acres, and we do not believe this could happen.

One of the strengthening factors here was the sharp advance in Winnipeg May wheat, which after a sharp rise yesterday gained another 5¢ today, the full limit. However, inasmuch as the strength is largely due to the fact that contract wheat is very scarce and not obtainable in large quantities, and that there is a concentrated interest, it is partially ignored in other markets, although no doubt it will have a tendency to cause English millers to turn more to American wheat while this condition lasts and may give the United States a chance for foreign business; in fact, it is possible that we shall be able to export some wheat to Canada as the millers can buy ours now to good advantage, compared with the Manitobas.

Primary receipts of wheat were very modest today, 387,000 bu, compared with 294,000 bu last week and 269,000 bu last year. Stocks at Kansas City and Minneapolis show a decrease of only 72,000 bu so far. At the close our market showed an advance of 1 1/8¢ for May wheat and 7/8¢ for July.

Corn receipts continue to be heavy, primaries being 1,440,000 bu compared with only 571,000 bu last week and 295,000 bu last year. There was no important export business reported today, but we still figure that European countries depend moderately on American corn this year, so we expect further sales from here right along. However, for the moment receipts seem to be too much, so that despite the great strength in wheat there was a slight decline in corn futures.

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CHICAGO MERCANTILE EX.

CHICAGO March 30, 1938.

The further advance in Winnipeg May wheat lost its influence as a market factor in this country, as well as abroad. Despite the gain there yesterday of 5¢ per bu, the full limit permissible, and higher prices during their session early today, Liverpool futures declined from 5/8 to 1 1/8¢ per bu.

More important than anything else to the final level of wheat prices will be the outcome of the new crops and the general business situation. It is not likely that should Wall Street stocks continue to decline, as well as many commodities, such as rubber and metals, that the sentimental effect on wheat could be avoided, the same as on the contrary, if business in general should improve and confidence be restored, speculation in wheat would immediately take cognizance of it. Whenever the time arrives that the price for this cereal would be considered a low one, taking into account the supply and demand situation, many buyers would come into the market and thereby stimulate an advance. Therefore, of final importance will be whether crops all over the world will be such that we may figure on a great or moderate abundance, or possibly comparative shortness, although the latter is not likely to occur with the fine start which the crops have up to the present time.

As far as Europe is concerned, everything looks quite normal for the time of the year, with the exception of Italy, where there seems a decided deficiency of moisture, and where the outlook at the moment for the wheat crop is rather poor. That country has a fair-sized population, but Italian finances being in bad shape, and with a dictatorship regulating importations, it is not likely that the amounts purchased from the exporting countries will at any time be large, although probably more than the small amounts purchased during the past season.

In the United States ideal conditions up to the present time continue. The weather map showed again a great deal of moisture at various places, and more is predicted for the Northwest, as well as for the Southwest.

On April 5th at about 10 o'clock in the morning, the private experts will give us their views on probable yields, together with the abandonment of acreage. We should not be a bit surprised if they would indicate possibly 700 million bu as the final outcome of the winter wheat crop, subject to changes according to weather conditions prevailing afterwards. We also believe that their figures on abandonment of acreage will be rather small, particularly when compared with that which took place during the last four or five years, when it was way above the average over the period five or ten years before that.

In the meantime planting in the spring wheat territory is progressing at a very fair rate, with excellent soil conditions and with more moisture in the ground than for many years. There-fore, there is at least the possibility, although no certainty whatsoever, that for once this coming season we might have a combination of good crops of winter and spring wheat. Should this occur, of course, the farmer neither expects, nor can he look forward to obtaining the same prices as he did in the great drought years. This particularly so as our carryover also is likely to be 100 million bu or more larger than it was on July 1, 1937.

Meanwhile, the domestic flour business is rather poor and buyers seem to continue to buy from hand to mouth. This is usually the case when the old-crop futures are selling at premiums over the new ones, and when everyone is willing to reduce stocks to a large extent. Flour bookings in the Northwest are 30 per cent of capacity compared to 123 per cent the previous week, when generally conditions were more encouraging. In the Southwest, the average was only 20 per cent against 34 per cent, according to the Northwestern Miller, a flour trade publication.

(O V E R)

As far as export business is concerned, it continues at a moderate rate, and believe some more sales will be made for wheat t be shipped abroad. The quantities are not large, but steady, and it is most likely that the clearances will continue at about the same rate as right along, approximately 10 million bu a month, which would make the total exports for this season close to 90 million bu or more.

Farmers in the Southwest, probably influenced by the good ou look, are willing sellers now, and it is not difficult to replace any wheat sold with new purchases, but nevertheless we expect a gradual decrease in the visible supply; however, at no time do we think it will go down to the small proportions carried at terminal points last season before the new crop started to move. Primary receipts of wheat are only moderate, 353,000 bu compared with 360,000 bu a week ago, and 295,000 bu a year ago; but these figures do not fully indicate the size of the movement, as a great deal of wheat this year is shipped direct to Gulf ports and does not appear first among the receipts at terminal points, which give the records daily.

The open interest in May wheat is decreasing only very slowl and at the present time the open trade in this future is more than that in July and September wheat combined. However, we believe that as we approach the time of delivery both the longs and shorts will be inclined to liquidate their May position on a larger scale.

At the close May wheat showed a decline of 3/4¢ per bu compared with yesterday and July wheat was 1¢ per bu lower.

Corn receipts continue to be very heavy at most points including Chicago, and evidently too much to be fully absorbed at the present time; they amounted today to 1,234,000 bu compared to 782,000 bu last week, and 365,000 bu last year. Therefore in spite of the fair export business going on right along futures are gradually declining a little, but yet we consider this cereal to be in a very strong position, as we believe export business will continue right into the next year. This, in view of the poor crop outlook in Argentina.

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CHICAGO MERCANTILE EX.

CHICAGO March 31, 1938.

Before our session opened this morning, it was difficult to guess whether the trade in general would be more influenced by the very weak cables from abroad, or whether they would lay more stress on the frost reports from various places in the Southwest, and the prediction that heavy frost might occur again in Kansas tonight. The fact that the forecasts were for warmer temperatures after that had somewhat of a modifying influence. In view of these influences on values, wheat opened about unchanged. Later the weakness at Winnipeg and further declines at Liverpool became the predominating features, causing a moderate decline. The various futures at Liverpool closed with a decline of 2 1/8 to 1/4¢ per bu.

This reflects the poor demand for Australian wheat; Black sea shipments this week were 920,000 bu, including 272,000 bu cleared from South Russia, compared with a total of only 272,000 bu last year. United States exports during the week ended March 27th, were also quite heavy, amounting to 1,742,000 bu, and including flour exports of about 60,000 barrels, the total is equal to two million bu. So far, exports of wheat and flour from the United States amount to a trifle over 60 million bu, and, therefore, it is assumed that the total at the end of the season will probably reach about 90 million bu, which comes very close to the estimates which have been made right along, and which (unless other mistakes are made in the size of the crop, etc.) would leave us with a carryover of approximately 200 million bu --nearly 110 million bu larger than on July 1, 1937.

With this in mind, should a large crop be harvested during 1938, it is quite evident that supplies might become very burdensome. Mrs. Miller's estimate on the wheat crop was given to the public today --692 million bu, which compares very closely with our figure of yesterday of about 700 million bu, and also, with the usual provisos which we made that final figures might have to be changed considerably either way, depending upon weather conditions. However, past years, we believe, will show that in more cases than otherwise final yields exceed those of April, particularly in the years of the heaviest production, while in those years when the plant looked sickly and deficient at this time, and where acreage reductions were large, the final results proved disappointing. It is, naturally, too early to give any figures for the spring wheat outlook in bushels, although on the present acreage, yields of from 200 to 250 million bu would not be extraordinary, so at least the possibility exists that the United States might finally produce from 900 to 950 million bu, with an estimated consumption of 670 million bu. This, together with the large carryover, will very likely bring about a lower level of prices, unless Europe and ex-Europe import very much larger quantities than they did lately. This particularly so as Canada in 1937 had about the poorest crop per acre in 20 years; and with the estimated acreage and normal weather conditions, they might easily raise a surplus of 200 to 250 million bu, and become the largest exporter, diminishing our chances, and leaving us with burdensome supplies to dispose of.

The general consensus prevails that in all probability no serious damage has been done on account of frost, as it is rather early in the season, and if only isolated territories were affected, the surmise is that considering the large and widespread acreage of winter wheat, the amount of loss will only be insignificant.

Washington reports that in the forthcoming government crop estimate due April 11th, the Department of Agriculture will give the yield per seeded acre of winter wheat rather than the condition, as has been done in the past. We think this will be much more satisfactory, as it leaves less open to guess as was previously the case. It is interesting to see what yields per acre were in the past on

(O V E R)

the planted acreage; they were as follows:

1928	-	12.0 bu per acre
1929	-	13.3
1930	-	14.1
1931	-	18.0
1932	-	11.3
1933	-	8.5
1934	-	9.8
1935	-	9.9
1936	-	10.4
1937	-	11.9

Based on the past average for the planted acreage of 11.9 bu per acre, this would give us a crop of winter wheat of 684 million bu; on the smallest yield, in 1933 of 8.5 bu, it would give us 488 million bu; on the largest, in 1931 of 18 bushels, final results would be 1,035,000,000 bu. Including the many drought years, it seems to us as if prospects are for considerably over the average.

At the close our market showed a decline of 1 1/8¢ per bu for the May delivery, and 1¢ per bu for the July.

The corn movement continues to be heavy --primary receipts being 1,233,000 bu compared to 1,085,000 bu last week, and only 375,000 bu a year ago. The export demand is not sufficient to be an offset, and, therefore, for the present the tendency is downward.

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CHICAGO April 1, 1938.

Much stronger cables from Liverpool than anticipated gave the bulls on wheat more encouragement. The final close there was 3/4 to 1 1/8¢ per bu higher on the various futures, although both the Chicago and Winnipeg markets had declined considerably yesterday.

One of the influences abroad was the continuation of dry weather in most sections of the wheat belts of Australia, and it is feared that this delay in seeding may reduce the acreage. There was also a moderate improvement in the demand for cash wheat, and shorts covered freely. However, shipments from the Southern Hemisphere were larger than anticipated, and modified to some extent the bullish feeling. Australian shipments were 4,353,000 bu compared with 2,447,000 bu last year, and Argentine clearances, 1,682,000 bu versus 6,470,000 bu in 1937 similar week. Total shipments from the Argentine since January 1st to-date amount to only 29,090,000 bu against 93,687,000 bu the year before, or a reduction of over 64 million bu. We believe that this fully offsets the differences in yields this year compared with last, and, therefore, it would not be surprising if both Argentina and Australia from now on could spare as much wheat above home consumption as they did in the previous season. Consequently, outside of Canada, we believe the exporters will easily be able to supply the foreign needs, the same as in other years, and the shortage in Canada will be more than made up by the United States.

Inasmuch as, according to Broomhall, the weekly requirements of all importing nations will be only a trifle over 9 million bu, it ought to be no trouble at all to secure the quantity without causing any scarcity in any country whatsoever. Therefore, any radical changes in the situation from now on could only come from the new crop prospects, and not from the old-crop supply and demand situation. It is for this reason that all attention is centered mostly now in what the probable yields are likely to be in 1938 crops both abroad and in North America.

As far as the other side of the ocean is concerned, we hear of no material changes, and in the main everything seems to be progressing normally.

As far as the United States is concerned, the very low temperatures in the Southwest have caused some apprehension and fear, but it is generally assumed that the plant has not advanced sufficiently to have suffered much damage. The Modern Miller claims that the first reports indicate that there was no damage to the crop from frosts which occurred Friday morning, and that the conditions in the more eastern section of the belt in the Southwest are reported favorable. There is a possibility that there might be frosts again in Oklahoma and also Kansas, but the latter is less important as the wheat is not advanced as far as in Oklahoma; but even there we are advised that the danger is at the minimum. In the meantime at many places they had snows again and moisture conditions are extremely favorable.

The Santa Fe Railway Company gives one of the most encouraging reports we have seen for many years. It reads as follows:

> "Possibility of a bumper winter wheat crop with almost assured prospects of a crop larger than last year is foreseen by the Agricultural Development Department of the Atchison, Topeka & Santa Fe Railway in its April 1st summary of conditions in the states through which it operates.
>
> "In Kansas, the largest individual wheat producing state, timely rains have improved the condition of the grain in the eastern two-thirds of the state, and extended further West, the border line of possible production. It also appears likely there may be a crop in the western third of the state although it will be spotted due to the early drought and high winds, which caused considerable abandonment.

"Wheat prospects in Oklahoma are considered the best in several years, but there is some danger that further rains might bring too rapid growth and produce too much straw, reducing the yield. Despite the loss of about 50 per cent of the acreage in Colorado, that now remaining stands to produce a fair crop; in Texas, wheat prospects are considered from fair to excellent."

Should the government report to be issued on April 11th indicate a yield of 12.2 bu per acre on the sown acreage, it would mean a crop of 700 million bu for winter wheat, which we would consider extremely bearish. Of course, we cannot expect too high a figure because there will be a certain amount of abandonment. Should this be only 10 to 15 per cent, even a yield on the final standing acreage of 13 1/2 bu might still give us the same amount, or possibly only 675 million bu, and a yield like this under present circumstances, with any kind of normal weather, would certainly not be excessive.

It also must not be overlooked that the spring wheat seeding is progressing nicely, with field work in general much further advanced than normally for the season of the year; and an early crop in the Northwest has always been considered as being very favorable, because it then would escape many of the troubles which very frequently occur during the late summer period.

Naturally, uncertainties will continue until the wheat crops are finally harvested, and as a general rule the full effect of a large crop does not find expression until the month of June, when gradually the weight of an enlarged movement is felt. This being still 2 1/2 months away, it may take patience for those who draw their conclusions as to the final prices from the present scenery; but the nearer we approach this period, the more coming events will be anticipated. The fact, that after days and weeks of depression in the stock market we had a moderate upturn today, was also a stimulating factor, particularly as other commodities, such as hides and copper, also showed considerable improvement. Sentiment always plays an important part in shaping markets. During this recession the open interest in wheat futures had declined considerably, and now amounts to about 87 million bu. When July comes around, and when stocks are likely to accumulate, gradually new buyers will have to be found right along to absorb the wheat which will be stored until millers and exporters later on will take it in large quantities. This can only be done without depressing the price if the general feeling in this country encourages at least a moderate amount of speculation.

At the close our market showed an advance in May wheat of 3/8¢ per bu, and 1/2¢ in July compared with yesterday.

Corn keeps independently strong in spite of the heavy movement, some export business being done almost every day. This we think will continue for a long time.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO April 2, 1938

The State of Kansas this year seeded about 30 per cent of the total winter wheat area; therefore, production there will become all important. During the last five years their abandoned acreage was as follows:

1937	-	23 per cent
1936	-	27
1935	-	49
1934	-	32
1933	-	44

The average abandonment during these five years was 35 per cent. We believe this year it might be only half of that percentage. In the three years, 1933-34-35, owing to the smaller acreage planted and the great abandonment, it was a foregone condusion by this date that the State of Kansas would produce a comparatively small crop. The area harvested in

1937	was	13,170,000 acres
1936		10,452,000
1935		6,876,000
1934		8,595,000
1933		7,346,000

This year it easily ought to be 14 million acres or more; therefore, it is reasonable to expect that compared with these other seasons a very large crop is likely to be harvested this season. This particularly so when we go further back and consider that the four drought years were very exceptional, and we call attention to the average annual per acre yield of winter wheat during the period 1923-1932, which years were considered more normal. The average yield then was 15.2 bu per acre. Assuming it would be 2 bu less for Kansas, as the western part might reduce the average, or 13.2 bu per acre, 14 million acres would give us 185 million bu.

This would be in excess of last year's harvest, and would compare with a production in 1937 of 158,040,000 bu

1936	120,198,000
1935	63,947,000
1934	84,231,000
1933	66,849,000

These figures, of course, are all tentative, as we cannot foresee whether or not we shall have more than the normal hazards between now and harvesting time. We were, therefore, not very much surprised with James E. Bennett & Co.'s exhaustive report today, estimating the winter wheat yields from the present outlook at 754,540,000 bu. This favorable condition also fully explains the very pessimistic predictions regarding farmers' income from wheat on part of the Secretary of Argiculture before the Senate Committee. It appears to be a possibility now, although not a certainty, that the United States alone might produce almost a billion bu of wheat, with an estimated domestic consumption of 670 million bu, leaving easily 300 million bu, to which 200 million bu have to be added, which will be carried over on July 1st. The Secretary of Agriculture probably also had in mind that during the four or five years preceding 1937-38, the chief exporters were Canada and the Argentine, but both countries, owing to very inclement weather, raised very poor crops last year, and consequently were only small exporters. As crop failures are just as exceptional as bumpercrops, it is to be assumed that these two countries will come to the fore again as large exporters, competing strongly with us, thereby diminishing our chances for sizable shipments abroad from the United States. This particularly so as of late years overseas demands on account of economic conditions have only varied from 500 to 600 million bu a year, while formerly it had been at times 200 million bu more than that. Consequently, we suffer as much from an under-consumption as we do from an over-production.

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The anticipated frosts in Kansas and Oklahoma occurred overnight in fact, they were more severe than was expected, but the consensus still is that no great harm has been done. It is not unsuual at this time of the year to have such low temperatures. The plant is further advanced than usual, therefore, there was some concern, but with normal or above-normal temperatures predicted for the coming week, we think the frost incident will soon be forgotten.

Primary receipts this week were somewhat larger than last week and last year, and compare as follows: 2,531,000 bu this week, 2,263,000 bu last week and 2,274,000 bu last year. For the first tim in a long while Chicago weekly receipts exceed the shipments, being 467,000 bu, while this market lost 262,000 bu, and therefore local stocks might show an increase in the visible supply. There are still about 8 1/2 million bu of wheat in the city, and while only a small percentage is contract wheat, it all finally is likely to be used for milling purposes. It is too late now to sell a large quantity of this before the next crop moves, so lots of it will have to be carried ove Whether the elevators will be successful in obtaining a carrying charge, it is difficult to say at this time, but just now the demand for two red wheat is rather poor and it is not likely that anybody will want to have on hand much of it by the end of May, when we should be so near the new movement.

Liverpool wheat cables were somewhat higher, futures there closing 1/4 to 5/8¢ per bu up, but the export demand was rather small, and, therefore, was not considered as very important.

At the close our May wheat showed a decline of 1 3/8¢ a bu and July 1 1/4¢ compared with the previous day.

Primary receipts of corn for the week were exceedingly large, 8,677,000 bu vs. 5,669,000 bu last week and only 2,149,000 bu last year. Nevertheless, the market keeps very steady and declined only very little, all in sympathy with wheat. Trade is aware that European needs are large and with the poor Argentine crop a steady demand from this country is expected.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

April 4, 1938.

Many great changes have taken place in past years after the government gave its estimate on winter wheat conditions in April. Nevertheless they furnish a basis of constructive thinking of what the future holds forth, always bearing in mind that there might be further improvement or deterioration should abnormal weather exist. With this in mind, and looking two or three months ahead, we picture a situation about as follows:

On our present estimate there is a possibility, with the large acreage and favorable outlook, of approximately 950 million bu to be harvested for the combined winter and spring wheat crops. This, with a carryover of 200 million bu, would give us total supplies on July 1st of 1,150,000,000 bu, and would compare with other years as follows:

	Carryover July 1st	Combined winter & spring wheat crops	(000 omitted) Total
1928	115,000 bu	914,000 bu	1,029,000 bu
1929	232,000	823,000	1,055,000
1930	294,000	886,000	1,180,000
1931	329,000	936,000	1,265,000
1932	391,000	756,000	1,147,000
1933	382,000	551,000	933,000
1934	274,000	526,000	800,000
1935	148,000	626,000	774,000
1936	138,000	626,000	764,000
1937	91,000	873,000	964,000

The periods of heaviest accumulations occurred in the years cited above, and shows clearly that the only time supplies were equally large in the United States as now promised was during the Farm Board years; activities of same started in 1929 in which years total supplies were 95 million bu smaller. In the other three years, in spite of all efforts to maintain values, prices sank lower. In 1930, on September 1st, wheat sold at 83¢, and the government was compelled to buy large quantities, otherwise, the price could not have been maintained. In 1931, on September 1st, wheat was selling at 46 1/4, and in 1932, at 51 3/4¢. In all those years the Farm Board was a large holder of wheat, and had it not been for their accumulations the public could not have absorbed easily the great excess above domestic and export requirements. It is true that during that period Canada had much larger amounts of wheat on hand than they have now, but in spite of that, we doubt whether, with the reduced consumption in European and non-European countries, we shall be able to export more this coming season than we did in those years. In fact, if the price is held up artifically high through loans or otherwise, we might ship less.

This should not be construed as an expression of opinion that prices will decline equally as low as in those years, because in the meantime, the dollar has been devalued, our farmers are much better off, and our banking situation has improved, but yet we feel the weight of these supplies are likely to be very heavy at all times, and that present prices, under these circumstances, look very high to us.

Cables were very weak today, Liverpool futures declining 2 1/2 to 2 3/4¢ per bu; they were influenced not only by the glowing crop reports coming from the United States, but also Russia reports that spring seeding of grains is progressing satisfactorily, and the winter wheat condition is said to be generally good. Farmers in the Argentine are hopeful of increased acreage. Good reserves of old wheat in Rumania are reported to be still available, but fortunately, Germany seems to be in the market for same. Also, seeding in the Northwest is progressing favorably, and soil conditions in Canada are satisfactory. The general consensus also is that the

(OVER)

recent damage from frosts in the Southwest was very inconsiderable. So with all these optimistic symptoms there was no great inducement to make new investments in wheat; on the contrary, holders became discouraged, and at least moderate liquidation must have taken place.

Primary receipts were only fair - 490,000 bu, compared with 657,000 bu last week, and 567,000 a year ago; nevertheless, the visible supply decrease was smaller than last year, amounting to 1,707,000 bu today, versus 2, 184,000 bu in 1937, and the total is now 18,000,000 bu larger than the previous year. Chicago stocks increased 38,000 bu, and are now 8,483,000 bu. We expect that after opening of navigation there will be a moderate decrease in Chicago stocks, but it is too late to dispose of any large quantity, and a great deal will have to be carried over into the next crop.

There was another increase in the import duty on wheat for Holland; this action is designed to assist Dutch farmers, and is another proof that the tendency for greater nationalism, which has hampered trade so much, is still growing, and until this changes, it is unlikely that export business will increase very largely. This has been going on now for a number of years, and accounts for the smaller takings by importing nations.

World shipments this week were 9,820,000 bu, and again two million bushels less than the year before. Europe is not frightened by the small amount of wheat on passage, being 42,360,000 bu versus 57,232,000 bu last year, and they evidently feel more is available when it is wanted.

At the close, our market showed a decline of two cents for the May delivery, and 1 3/8¢ for the July.

During all this period of declining wheat prices, corn held comparatively firm, although it suffered a little in sympathy with wheat. Primary receipts are still large - 1,518,000 bu against 2,231,000 bu a week ago, and only 408,000 bu the season before. Export business continues, and we shall probably have to furnish large quantities right along until Argentina again raises a much bigger crop. Estimates on their yields for this season will be given out on Friday, when a much better picture can be obtained as to the amounts which we shall likely be called upon to furnish during the next twelve months.

Oats suffered a very severe decline, although stocks in Chicago are very small, being only 1,169,000 bu, and they declined this week 280,000 bu. However, right at the opening prices declined 1¢ a bushel fearing that larger shipments would come from Minneapolis.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO April 5, 1938.

The average private estimate of the probable production of winter wheat in the United States is 717 million bu, based on an abandonment in acreage of 11.1 per cent. While, according to weather conditions, final results might vary a great deal, it is reasonably safe to assume that the final figures on the standing acreage will be very close to present estimates. This on a planted acreage of about 57 1/2 million acres, and abandonment of 11.1 per cent, would give yields on about 51 million acres. We believe this would be the largest harvested acreage ever known; the nearest to that would be in 1919 when 50,404,000 acres were harvested with a yield of 14.8 bushels per acre, and when a winter wheat crop of 748 million bu was raised. This was the first post-war year, when the European demand was extraordinarily large, Germany and Austria again having been able to buy freely, and the devastated area in France had not yet been restored for agriculture.

The average yield in the period of 1919 to 1928 per harvested acre was 14.7 bu; and from 1923 to 1932, it was 15.2 bu per acre. So if we should have yields this season of about 15 bushels per acre, it would result in a crop of 765 million bu.

At the present time we believe the crop outlook is better than normal, but, of course, if we should have insufficient rains from now on this might change materially --deterioration is always a possibility. However, Secretary of Agriculture Wallace, sees it the same as we do: namely, that the crop depends very largely upon the size of the acreage. For this reason, under his influence, a bill was passed in Congress very materially reducing the permitted acreage of both winter and spring wheat for next year; so that what is likely to happen this year will not be repeated next season. Therefore, of importance at the present time is the fact that the winter wheat crop outlook is very promising on the biggest standing acreage. Furthermore, more moisture is predicted in the Southwest, and so far there are no new complaints since these various reports were compiled.

Cables were very weak before our session opened, but there was some improvement later on, their futures finally closing at a decline of 1/8-3/8¢ per bu. The export demand from the United States continues to be poor, but we believe some business has been done right along and the importers are not entirely independent, owing to the shortage of the Canadian varieties and the reluctance of Argentine farmers to sell freely. This is bound to cause some demand for our wheat, but yet, we doubt whether total exports for the season will exceed the ninety million bushels previously estimated. There is reasonable hope that there will be a fair demand for our new wheat, at least the first three months --July to the end of September, until Canada, provided she raises normal yields, should become a heavy competitor.

After a very weak opening, establishing new low prices for the various futures, a very sharp advance in Winnipeg May wheat was a sufficient stimulant to lift prices considerably. We ourselves pay very little attention to the Canadian fluctuations, particularly in the May wheat, as owing to the very small stocks of contract wheat which could be delivered on their May contracts, this future is likely to do almost anything, depending entirely upon local conditions. We believe it would have been possible for Winnipeg to do the same thing as it did today, advancing at one time more than 3¢ per bu over yesterday's close, even if our crop prospects were 50 million bu better than they are, and yet, when the time comes and when Winnipeg May is out of the way, this will all be forgotten. The price level of our July and September wheat then will depend almost entirely upon the size of the world's crops. Therefore, we have not changed our opinion as to the real value of wheat, fully appreciating that in the meantime there will be many ups and downs and that the weight of a large crop is usually not entirely felt until it starts moving. We can easily visualize that during the months of

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July and August, the movement of new wheat will be large enough so that there might be additional hedges of between fifty and one hundred million bu, and new buyers will have to be found for them. At the present time, our open trades are gradually decreasing, being down to 85 million bu, and are likely to decrease further as time goes on, possibly reaching the lowest point close to the period when the new crop starts moving.

Primary receipts continue to be light --326,000 bu compared with 387,000 bu last week, and 371,000 bu a year ago. The domestic demand is also very indifferent, which has a sentimental effect on May wheat, which of late has been comparatively weaker than the July. However, we expect when navigation opens that some wheat will clear from here, probably for Buffalo, decreasing our stocks to a moderate extent, but supplies in this city at the present time are still very large, and we feel that lots of wheat will have to be carried over into the next crop.

At the close the May delivery showed a decline of 5/8¢ per bu, and the July was unchanged.

The corn movement is keeping up at a lively rate, primaries today again being 1,379,000 bu versus 1,440,000 a week ago, and only 207,000 bu in 1937. However, they do not seem to be burdensome, as there is a fair amount of export business going on right along. According to B. W. Snow, farmers' stocks of corn are about 908 million bu, which is a reasonably large quantity considering that the amount of animals on feed has been so largely reduced compared with previous years. However, with an expected reduction in acreage next year, and with prospects of a continued fair export business we believe farmers will be willing to carry a moderate amount of corn over into the next season at the present level of prices.

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CHICAGO MERCANTILE EX.

CHICAGO April 6, 1938.

During the last twenty years, with very few exceptions, Canada had been the largest wheat exporter, and, therefore, price fluctuations in that market were of the greatest importance. They were watched by the trade as much, if not more so, than those of Liverpool, the biggest market of the greatest importing country. This was fully justified since the importing world depended so largely upon Canadian supplies for their needs. Owing to inclement weather in Canada during the past season, resulting in a very short crop, following a number of years when also yields were very small, stocks were gradually reduced. The importance of Canada this year has lessened accordingly. At the present time it seems to us that it is almost insignificant, as far as old-crop futures are concerned. We expect she will take her rank again , provided the coming crop will produce normal yields, and such are in sight with normal weather from now on, as soil conditions are extremely favorable.

At one time today Winnipeg May wheat sold at about 42¢ per bu over ours, and of late it has fluctuated daily two or three cents per bu, influencing our market more or less. However, we think it is rather wise from now on to ignore the erratic changes at Winnipeg in their old crop future, namely, May, as for the present they have not the same meaning as they did when conditions were different.

Just now we figure that Canada has only about 49 million bu of surplus wheat left in all positions, including farmers' stocks, of which approximately 15 million bu are Durum wheat. Therefore, at best, if the last bushel of spring wheat were exported the total would not amount to more than 34 million bu for the next seventeen weeks, to August 1st. Of course, some provision must also be made for home consumption during the months of August and September, because very frequently the crop movement does not start in earnest until October, so regardless of price, exports from that market from now on will be very small, and then again it will make no difference whether the old wheat will be cleared after May or before.

We feel with only a little more than 2 1/2 months away from the period when our new wheat will be moving in Texas and such territories which are furthest advanced, that the price level will depend almost entirely upon the outcome of world crops, that the old Canadian situation will be a trifling matter, and that whatever happens between now and the end of May in the Winnipeg market will be forgotten after that future expires.

The consensus in the trade must be very much the same, because in spite of the final advance in Winnipeg May wheat of 1 1/2¢ per bu over yesterday, our May declined 1/2¢ per bu, and the July 1/4¢.

Everybody is watching the weather map very closely, as improvement or deterioration in crop prospects from now on will depend upon the amount of rainfall and sunshine at the right time. On the whole we consider actual weather conditions at this time as very favorable, although perhaps not altogether perfect, therefore, causing a little apprehension. Temperatures are below normal everywhere, and in many places it is quite cold, and freezing weather is predicted for parts of Kansas. However, we doubt whether this will cause any more damage than the last freezes, as after all the plant is not very far advanced, and at the same time good snows were also reported at many places, giving further protection. Rainfall was particularly heavy in Nebraska, where it will do an immense amount of good. Also there were very heavy snows in South Dakota, which very frequently is one of the dry states, and according to Minneapolis reports they received from 3 to 14 inches of snow.

It is many years since we have had anything but poor crops in our Northwest,in the spring wheat territory, so if we should be faced with normal or abundant yields there this year, together with a large crop in the winter wheat belt, and a big carryover, we would have to deal with one of the largest supplies in years, and only a

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heavy export business would give us sufficient relief to prevent rather low prices. There is one country in Europe with a pretty large population: namely, Italy, which sends quite discouraging reports, claiming that owing to the absence of rains yields might be 20 to 25 per cent, and in some cases as high as 50 per cent, below normal over a wide area. Should this materialize we would at least have one customer who imported very little the past year, and who might take reasonably large quantities, as has occurred in other seasons when the crop was small. Otherwise, we see no indications as yet for anything but normal conditions in Europe.

Influenced by the prospective large supplies which might materialize later, liquidation in this market continues. The open interest declined yesterday 1,214,000 bu, to 83,609,000 bu; practically the total decrease was in May wheat in which the decline was 1,362,000 bu. The open interest in May wheat is still 39,899,000 bu. We, therefore, expect further heavy liquidation in due course of time.

There is not much change in the corn situation. Receipts are still big, primaries are 1,174,000 bu compared with only 171,000 last year. However, last week they amounted to 1,234,000 bu. There probably will be heavy shipments both from Duluth and Chicago when navigation opens, and a great deal will be clearing for Europe. We anticipate steady corn export business right along.

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CHICAGO MERCANTILE EX.

April 7, 1938.

Liverpool cables were 3/4¢ per bu higher today, the chief influence being continued drought in Australia, which is causing farmers to stop selling for the moment; therefore, heavier clearances from Russia were ignored. Black sea shipments amounted to 2,128,000 bu, including 1,440,000 bu from South Russia, while last year only 488,000 bu cleared from those countries. Estimated Argentine shipments are very small, but this was expected --1,176,000 bu compared with 7,534,000 bu last season. From now on, these differences by way of comparison will be smaller because Argentina had shipped so much wheat in 1937 by this time that the amount left for export did not differ so very materially with present supplies in sight. So far as European countries are concerned, Italian crop damage is confirmed, and undoubtedly that country will have to buy more supplies next season. Somewhat offsetting are reports from Morocco, where they received much needed rains, and when that country has a good crop, France takes its excess supplies, and, therefore, France might not become much of an international factor the coming season.

Our market here was largely influenced by the strength in Winnipeg May wheat, which at one time advanced again 2 1/4¢ per bu over yesterday's close, and the continued low temperatures in the Southwest. Many wires were down on account of heavy snows, which is quite exceptional for this time of year, and should there be no severe damage on account of freezing weather, this moisture is of inestimable value. With crippled wires it was difficult to obtain accurate information about possible damage. Furthermore, this country is so large, and even the State of Kansas is so big that different weather conditions exist in one part than in another. Of importance, of course, is what happens on an average and not in isolated places. Probably some damage has been done, as we conclude from our various reports, at different places, but we do not believe the aggregate will cut much figure in the total yields. However, apprehension exists at the present time that further freezes might be detrimental to the best development of the crop, but the fact that while temperatures will continue below normal, they will probably rise over the western and southwestern sections, minimizing the danger.

In the meantime, speculation continues to be at very low ebb, as indicated by the decrease in open contracts of 500,000 bu yesterday to 83,109,000 bu. While there was an actual increase of 684,000 bu in July and September contracts, there was a decline in May engagements of 1,184,000 bu, which indicates to us continued liquidation in May wheat, and evidently not all previous holders are changing over to deferred months, but some of them possibly are making outright sales of what they had previously acquired.

At the present time, there are two different schools of thought regarding the future value of wheat. Many are very skeptical about present prices holding, figuring that the probable total world supplies next July with the known consumption will leave such an excess over all needs that, judging from past experience, much lower prices will be established later on, when the new crop will move in large quantities. If they are right, by that time there will be an enormous amount of hedging sales coming to this market, necessitating appearance of steady buyers to absorb them, and this, it is believed, can only be done by making continued sacrifices.

There is another element which believes that at certain levels the government will come to the rescue of the market and either through loans, or purchases, peg the price, thus setting a limit as to how low wheat might sell. They also believe the world is now setting out for tremendous armament expenditures, bringing about large budget deficits and eventually, difficulty in borrowing cheaply without expansion of credit; this might be the case particularly in Europe, and would result in inflationary monetary conditions. They foresee higher commodity prices.

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Now, with regard to the first proposition of government price pegging, this may or may not be done, but we are convinced that whenever it takes place it will be at a much lower level, because so far, wheat has not declined as much as many other commodities, and, therefore, is not out of line with the general level. The price at the present time is almost twice as high as it was in 1933, when it was at its lowest. This is not the case with many other articles. So far as the inflationary movement is concerned, possibly both thoughts may be correct, and is just a question of timing to decide which should come first. Inasmuch as we are only about two and a half months away from the time the new wheat will move, we think this is the first event which will influence prices, and, therefore, we believe the tendency for the present will be for lower values.

Primary receipts were very light, possibly due to inclement weather; they amounted to only 287,000 bu today, versus 311,600 bu last week, and 393,000 a year ago. Stocks at Kansas City and Minneapolis so far this week show a decrease of 519,000 bu, indicating another fair-sized decrease in the visible supply on Monday, but nothing particularly large. Both the domestic and the export demand was extremely light.

May wheat at the close showed an advance of 1 1/4¢ per bu , and the July 3/4¢.

The volume of trading in corn continues to be small, and fluctuations are based mostly on what cash and export houses are doing. Receipts are still heavy, although somewhat smaller than they were --primaries today being 1,023,000 bu against 1,233,000 bu a week ago, but so far they have not proved burdensome, but yet are too big to induce heavy speculative investments in that cereal.

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CHICAGO MERCANTILE EX.

CHICAGO April 8, 1938

After the close of our market yesterday, everybody anticipated a weather market for today, and expected wheat to sell higher or lower, according to changes in atmospheric conditions in the Southwest; but other news arose. Weather was ignored entirely, because out of a clear sky, Europe, and particularly England, became a tremendous buyer of wheat overnight all over the world, and purchases were made possibly on the biggest scale for any day so far on this crop. There were actual confirmations early that the United Kingdom had taken 17 cargoes of wheat, or approximately 4 million bu. Of this quantity 7 cargoes were purchased in Australia, 2 in the Argentine, 2 in Canada, (probably all new wheat) and 6 cargoes of hard wheat. Later larger estimates of the total business were received and some very extravagant figures were given out, but not confirmed. We think it is safe to assume that possibly 5 million bu or more were taken by importers. These are very large quantities in 24 hours, and of necessity hedges had to be taken in, particularly for the American wheat. Evidently many futures were also purchased at Liverpool, that market advancing 3 1/2 to 4 1/8¢ per bu.

It was quite natural that, under these circumstances, we should also advance very rapidly. There was a veritable scramble at the opening, with some reactions later, but yet, the close showed a gain for the day of 2 3/8¢ for May wheat and 2 1/8¢ for July compared with the previous session.

We ourselves do not consider these purchases abroad of great importance in the final determination of prices, unless they should have been made on account of political reasons and the desire to lay in larger stocks in view of foreign complications, which we doubt very much. Nothing has happened overnight for us to assume that this was the case. It is true, the French situation is very disturbing, but not very different from what was expected; and neither the franc nor the pound sterling showed any great concern, and foreign exchange did not change very materially. We are more inclined to believe that what happened, and Broomhall confirms it, was that English millers were largely influenced by frost damage reports from Texas and other parts of our Southwest. This together with a decrease in Australian shipments to Europe, the larger proportion being taken by non-European countries, in addition to dryness over a large area in Australia, brought about this scare. Evidently all offers overnight of cash wheat were quickly absorbed.

The importing world is supposed to take about 500 million bu of wheat this season, or almost 10 million bu a week-- at the least 9 1/2 million bu. Consequently, the purchases in one day of what is needed ordinarily in 3 days, should not seriously affect prices, unless these purchases are duplicated. However, if it is all used in the United Kingdom, it would cover a week's supply. As yet, there is no reason to believe that the total quantity of wheat needed by all importers will vary from previous estimates.

Regarding the frost damage, we only are receiving serious complaints from Texas, and if they are not exaggerated, there is a possibility that 20 to 25 per cent damage has been done. Should this be the case it would reduce that crop approximately 10 million bu, which in itself would not be at all serious if we assume that the wonderful snows in Kansas, Nebraska and Oklahoma will cause final yields per acre to add a great deal more than that. In fact, leaving out Texas for the present, which still may raise a good crop on the large acreage planted, a great deal of which area has not been damaged, the outlook altogether is most wonderful. We have no reason to believe as yet that previous estimates made by the crop experts will finally have to be reduced. On the contrary, they are likely to be raised, and, therefore, the winter wheat crop in the main is all that can be desired, and it is hardly ever perfect.

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Inasmuch as the spring wheat conditions in our Northwest and the soil conditions in Canada are so much better than for four or five seasons, North America might be able this coming year to furnish very large quantities to Europe; in fact, it may become a necessity to dispose of tremendous amounts to prevent a very low level of prices, provided there are no great mishaps from now on.

Italy seems to be the only country in Europe so far with poor prospects, and the present outlook abroad does not justify the expectation of much larger takings the coming season than in the past one. This naturally is all based on the assumption that there will be normalcy in politics and that there will be no extraordinary measures taken by European governments to increase their wheat reserves to supplement their great armament programs.

The latest reports of clearances of United States wheat for the week ended April 2nd were very moderate, being 1 1/2 million bu, including flour. Total shipments for the first nine months of both wheat and flour are now 62 million bu; therefore, should not exceed 90 million bu for the year. Should this be the case our carryover will remain about 200 million bu, which was the accepted view right along.

Very little attention was paid today to statistics, but receipts are rather light-- primaries being 357,000 bu compared with 340,000 bu last week; Wichita is missing, but that would not change the total very much. So far this week stocks at Kansas City, Duluth and Minneapolis show a net decrease of 499,000 bu, indicating a moderate decrease in the visible supply on Monday.

Corn receipts continue to be large in spite of the bad weather for the movement, being 1,194,000 bu against 1,260,000 bu a week ago, and only 240,000 bu in 1937. The export demand as far as we could learn was only moderate, but yet the market was very strong and considerably higher, largely in sympathy with wheat.

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CHICAGO MERCANTILE EX.

CHICAGO April 9, 1938.

The trade has not quite recovered as yet from its surprise of yesterday's large purchases by the United Kingdom of cash wheat from the exporting nations. While the amounts taken can only be estimated, it being impossible to give accurate figures, in the aggregate they must have been very large and possibly there was not a day during the last four or five years when such large transactions were consummated in one day. The question naturally arises as to why this has happened and why all of a sudden the big millers in England should have concluded to accept practically every offer which had been made by the overseas countries overnight. As is usual, in cases such as this, one looks for explanations far out of the ordinary, when actually the answer is very simple. For weeks and months, every merchant in this country has been wondering why from day to day England has refrained from buying large quantities of United States wheat, when it was obtainable at very reasonable prices, when the quantity was satisfactory, and when other competitors were comparatively scare.

The Australian wheat is of a type that can not be used exclusively; in fact, ordinarily the millers take only a very small percentage for mixing purposes. They rely on the Canadian wheat, of which there is not a large volume this season and had to be substituted either by American, or Argentine, wheat. Argentina also had a poor crop and its surplus went mostly to Brazil, so the United States was the only country which could easily supply the needed requirements. Further facts should also be taken into consideration. England's wheat crop this season was only about 2 1/2 million bu less than last year, importations so far were about 7 1/2 million bu less, and a smaller amount than usual is on passage destined for that country. As a general rule, consumption in England does not vary much from one year to another, but the millers have persistently been pursuing a hand-to-mouth policy and letting their supplies run down very low. The supplies now having been replenished with the purchases of yesterday, they probably feel more comfortable, and while they have taken a few more cargoes of Australian wheat today, we learn of no important business from here. It is reported that large purchases of October wheat were made in Winnipeg, which may mean some deferred export business from Canada, but if so, we consider this entirely speculative, because no miller is likely to cover his needs now for shipment six months ahead.

Of late, the English Government has been criticized by newspapers, as well as by housewife associations for not storing food against a possible war. This led to conclusions that possibly this advice may have been heeded and that some larger flour sales by English millers had been made to the government. We tried to find out direct from abroad whether this is likely, but received a reply that it is all guesswork, and as the heavy purchases of yesterday have not been repeated today, we are rather inclined to believe they were only for normal channels.

Being comparatively close to the period when the new crop situation of the world will be all-important, we continue to watch the various reports being received daily. We believe that not for many years has there been such a general supply of moisture in the wheat belts, as this season; therefore, we assume that frequent deterioration which takes place in April and May after the government makes its report on the April first condition is not as likely to occur this season. So far as consequences of the freezes are concerned, the one state that has suffered severely is Texas, particularly in those sections where the plant was the furthest advanced, and we should not be a bit surprised if the final outturn of that crop would be ten million bu less than was expected, and even to attain this result, normal conditions will have to prevail from now on. We believe the damage from frost has been comparatively light in all other sections of the country, and with warmer weather being predicted now, it will all soon be forgotten and the precipitation in the meantime will do immeasurable good.

Trade was considerably quieter today and fluctuations also small. Primary receipts continue light --303,000 bu versus 483,000 bu a week ago; and 382,000 bu a year ago. For the entire week they were about 450,000 bu less than last season, similar period.

Argentina came out with its official estimate of corn production--177,000,000 bu, which is a very small crop for that country and gives the U.S. another chance for export business, probably during the next twelve months. This should be sufficient to keep our prices at least steady, which they are at present.

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CHICAGO MERCANTILE EX.

CHICAGO April 11, 1938.

Cables were unexpectedly strong this morning, and Liverpool wheat futures advanced 1/2 to 1 1/2¢ per bu. Broomhall explains that English millers were again heavy buyers, both in Australia and in India, but purchases from the United States probably would not amount to more than 300,000 bu. There really should be nothing very surprising that the United Kingdom finally woke up and is now trying to replenish her stocks. Perhaps she would have continued pursuing the hand-to-mouth policy, but the deterioration in the Italian crop outlook, and the small reserves remaining in that country created the belief that they will buy on a more extensive scale later on, so advantage was taken of this situation and foreign purchases were made on a large scale during the past three or four days.

England so far imported 8 1/2 million bu less wheat than last year, while presumably consumption was the same. The amount on passage is only 42,256,000 bu versus 56,608,000 bu in 1937, same period. World shipments this week are only 9,336,000 bu, and last year they amounted to 13,146,000 bu; since July 1, importing nations have taken 60 million bu less than the year before. All this indicates that for the remaining 2 1/2 months, the demand ought to improve; but at the same time, we think there will be no trouble in supplying all needs very easily. Last year Argentine shipments dropped off very materially after April 22, and amounted to very little after that period. It is now estimated that this year, despite the poorer crop, but owing to the very light clearances so far, she still has an exportable surplus of about 53 million bu; therefore, she might become a big seller, even larger than she was last season from this time on.

The Australian crop turned out better than expected, previous estimates having been raised, and the crop is now officially estimated at over 180 million bu compared with 150 million bu last year. Consequently, that country will continue to be a fair-sized exporter. Canada, of course, as everyone knows, has only very small supplies left, but quite a few transactions have been made for the opening of navigation, and at least during the next four to six weeks she ought to clear a moderate quantity of wheat. The United States can easily supply the balance of all that will be wanted, and yet have a very large carryover. So, as far as the old-crop situation is concerned, and it is nearing its end soon, it is quite evident that there can be no scarcity anywhere, and the problem to determine will be how we shall be fixed, both here and abroad, when the wheat in the Northern Hemisphere is harvested. Later on, of course, the outcome in the Southern Hemisphere will play an important part, but the result is still in the lap of the gods. All we can calculate on at present is that in all probability yields will be average. Should this change considerably, then, of course, all calculations will be upset.

This afternoon after the close of our session, the government will publish a report on its estimate of the winter wheat crop. We believe it will be the same, or more, than the private estimates, but whatever it is, undoubtedly the figures will show that the winter wheat crop promises to be such a large one that in any case it will be way in excess of the whole yearly domestic consumption, so that whatever will be raised afterwards in the spring wheat territory will be available for export, or will have to be carried over for another year. We shall also be advised on the amount of wheat supposed to be in farmers' hands, but this may only become important when all the other figures are added to this figure, including stocks at terminal points, country mills and elevators, etc. We still believe that on the 1st of July the carryover will be close to 200 million bu; in any case a hundred million bu more than the same time last season.

Trade in general is prepared for the fact that we may have to handle a large quantity of wheat next season, with heavy hedging sales whenever the movement comes, and therefore it is not easy to boost prices. Despite the strength in Liverpool cables, even our

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opening was very tame, and at the close May wheat was 1¢ per bu lower, and the July 3/4¢ compared with Saturday.

As far as the foreign countries are concerned, with the exceptio of Italy, we hear of very few complaints. Weather in Germany seems to be satisfactory, as well as in the Danubian countries. Canadian moisture conditions are also satisfactory, and sowing will begin about April 15. There is a shortage of seed in some of the provinces, but it seems the government will take care of same, so we assume that a normal acreage will be seeded.

Primary receipts of wheat continue to be very light, 391,000 bu against 491,000 bu last week, and 420,000 bu last year. However, they really do not represent the movement as much as usual, as a great deal of the southwestern wheat is going direct to Galveston, which point does not appear among the primary receipts.

The visible supply shows a decrease of 1,891,000 bu, and is now 47,402,000 bu, or 17,514,000 bu larger than in the same period in 1937. Chicago stocks decreased only 71,000 bu, but we believe there is quite a little wheat accumulated here to be cleared when navigation opens, and decreases then will be larger. However, this is very necessary, as stocks are still quite considerable, being 8,402,000 bu, and unless the demand improves considerably during the next ten weeks or so, lots of wheat will have to be carried into the next crop.

Corn receipts are lighter --735,000 bu versus 1,518,000 bu a week ago. However, the visible supply increased 2,791,000 bu, and is now 43,502,000 bu. Exports since November 1st are 45,467,000 bu, while last year we imported large quantities of corn. Fluctuations continue small, as there seems to be plenty available for both domestic and export purposes, but yet there is no great pressure, and the trade in general has confidence that this cereal is worth the money it is bringing at the present time.

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COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.

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WINNIPEG GRAIN EXCHANGE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO April 12, 1938.

The official estimate of the Department of Agriculture for the winter wheat crop given to the trade yesterday after the session closed, had a depressing effect upon wheat prices all over the world. The estimate of 726 million bu compares with 685 million bu last year, and is about eight million bu more than the average of the private experts; therefore, it really was not much of a surprise and the trade was more or less prepared for it. However, it usually takes some time before anything very startling percolates through the minds of many traders. Considering the size of our domestic consumption, it is extraordinarily large, inasmuch as the winter wheat crop alone would be sufficient to supply all normal requirements of both human beings and animals, and still leave an excess of 55 million bu. This is based on the generally accepted assumption that we require about 670 million bu for all purposes.

When it is further considered that spring wheat conditions are thus far very favorable, as soil conditions permitted early seeding and an early crop very often escapes some of the dangers, such as frost, black rust, etc., the plant might reach maturity before the heat takes its toll. Under these circumstances it is not unreasonable to assume --and at least a cautious trader who would make an investment in wheat would have to figure on it-- we might produce a spring wheat crop of 225-250 million bu. Should this be the case, and not allowing for the possibility that the final winter wheat crop might be larger than the present government estimate, we might have to deal with an excess supply of 450-500 million bushels above domestic requirements.

What the export outlet will be can not yet be determined, but crops in the large countries in Europe all seem to be doing well, at least reasonably so, with the exception of Italy and even there a good soaking rain might change the picture materially. We are likely to have keen competition this year from Canada, as we assume that a similar calamity to that of last year (the poorest yield per acre in over 20 years) will not be repeated. Russia might also be in the market as an exporter, as the seeding of spring grains is making satisfactory progress in most sections. Germany seems to be well-favored this year. Some of the other countries need rain but there is nothing alarming anywhere as yet that we can see. Therefore, we look three or four months ahead after both winter and spring wheat crops are harvested, and we feel, judging from present appearances and with a carryover of close to 200 million bu, we shall have an abundant supply to dispose of.

No doubt at a low level of prices, the farmer will be inclined to store a great deal of his wheat, particularly in anticipation of better prices the next season, as the government has already passed a law which will reduce acreages considerably, and which will make it impossible for this year's large crops to be repeated. There is also the possibility that we shall enter the export business on a large scale, provided there is no artificial interference with prices, in which case some of the other countries would have to share with us the burden of carryovers and we would not be the only one left with a large quantity of wheat on hand. Such sharp competition, of course, would mean a lower level of prices.

Inasmuch as the farmer will receive about 12¢ a bushel under an arrangement made by the Soil Conservation and Agriculture Act, he will be reasonably contented, as he does not expect to be equally well-off in times when there is a combination of a big carryover and good crops.

Liverpool evidently took the matter very seriously as their futures declined from 2 3/4 to 3¢ a bushel; also English millers, who had been such heavy buyers for the past few days, were very indifferent today and we hardly heard of any export business, either in Australia or in North America.

(O V E R)

The weather here continues to be fine and, in our opinion, the outlook for the winter wheat crop has improved since the government compiled its reports.

Primary receipts were very light --260,000 bu compared with 326,000 bu a week ago, and 291,000 bu a year ago. This is rather surprising, in view of the fact that farmers' stocks are estimated to be 124 million bu, or about 53 million bu larger than they were last year, similar period, and when they amounted to only 71 million bu. We have good reason to believe that stocks in country elevators and big, as well as small mills, are larger than last year; also, the commercial visible supply is about 20 million bu greater.

At the close the market showed a decline of 3/4¢ per bu for both the May and the July wheat.

The government's estimate of corn stocks on farms as of April 1st, amounting to 1,067,678,000 bu, was more than expected. It compares with 409 million bu same period last year, and is considerably above the average for previous seasons. Therefore, in spite of the steady export demand, which we look for, we believe the price is plenty high enough now, particularly as stocks at terminal points are very large, and we assume there will be good carrying charges right along. Temporarily there appears to be a smaller movement, primary receipts today being only 632,000 bu versus 1,379,000 bu last week. The corn market closed lower.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO April 13, 1938.

Students of wheat prices are now considering whether the efforts of the President to revive purchasing power for business through a large spending program will be sufficiently inflationary to affect the value of this cereal. It is contemplated to spend approximately $3 to $4 billion during the next twelve months or so. The first thought which occurs to us is that assuming efforts in this direction do not work immediately or satisfactorily, in what shape shall we be in a year from now? We certainly could not repeat the experiment again. Should it be the general view of business men that expenditures of this sort cannot go on indefinitely, it is not likely that there will be a repetition of what happened in 1933 or 1934. At that time substantial inventories were accumulated, and in that way artificially brought about high prices and prosperity.

It is also contemplated, or at least under discussion, that there might be a desterilization of $1,200 million in gold to finance a part of the deficit, which might amount to more than $3 1/2 billion the coming fiscal year. Originally this gold was sterilized to prevent inflation, and, therefore, the opposite measure should bring about inflation. However, who is wise enough to predict that we might not have an additional inflow of gold to this country of $1 billion, or more, during the next twelve months, and, if so, either this additional amount would have to be sterilized, or it would be an added influence to inflation, increasing bank deposits, etc. We doubt, even if anyone who might possess the wisdom of King Solomon could possibly predict the effect of all these measures. At the present time our accumulations of gold are only at the rate of about $400 million a year, but with increasing production all over the world it is fair to assume they will be larger from now on.

However, as far as wheat is concerned, we believe its effect will be only trivial and the price of this cereal will depend very largely upon world conditions. In other words, on supply and demand, as with the large yields which we may expect this year on big acreages, it is not likely that speculators will choose this medium of protection against inflation losses, which they might suffer otherwise. We doubt whether so far it has been much of an influence on wheat prices, although investment stocks have advanced lately on account of the new measures contemplating heavier spending.

Liverpool wheat cables were somewhat higher than due today, and there was also a moderate export business done from this country, approximately 500,000 bu of wheat from the Gulf were worked to England. This, however, had not the same sentimental effect as it did last week, as positive statements are made now that these purchases are consummated in the normal course of business, and not for the purpose of laying in large stocks as extra reserves for a war preparation.

There is no reason to suspect yet that total European requirements will be larger than had been estimated right along, although possibly Italy, which had not been figured on as much of an importer, may have to take moderate quantities to tide them over until their new crop comes on the market.

In the meantime crops seem to be getting along everywhere, with few exceptions, in a very satisfactory way, and the weekly government report reads quite favorably. Of course, there are isolated reports of damage on account of the freeze in Texas and some dust storms in Kansas, but if every acre were perfect, we should raise a quantity of wheat which would surpass anything that ever happened before. So we have to take the average, and this seems to be good enough to fully justify yields as estimated by the Agricultural Department on April 11th, and possibly more.

(OVER)

Most important of all, in our opinion, will be the outcome of the Canadian crop, as that country is likely to be our largest competitor for export next season. There are some unofficial estimates made on the largest province, Saskatchewan, reducing the probable acreage about one million acres. However, this may change considerably yet, particularly as the weather observer of the University of Saskatchewan stated that more moisture fell in Saskatoon from September 1st,1937, to March 31, 1938, than for any other similar period, except one, in the last thirty years. During this period there were over 7 1/2 inches of moisture, and, therefore , a repetition of what happened last season is almost unthinkable.

Meanwhile, the flour business is at very low ebb again, after it had a good spurt during the freeze scare. It reached during this excitement to about 45 per cent of capacity in the Northwest compared with 31 per cent the previous week; in the Southwest it rose to 24 per cent against 16 per cent a week earlier.

Primary receipts of wheat continue to be extremely light, only 249,000 bu versus 333,000 bu last week, and 255,000 bu last year. Nevertheless, we think there is quite a heavy farmers' movement going on in the Southwest, but most of the wheat is diverted direct to Gulf ports to cover the large sales made last week. We look for very heavy clearances right along now, and should not be surprised if the previous estimate of 90 million bu wheat and flour exports from the United States would have to be raised, but not sufficiently as to alter the old-crop situation materially.

Trade was comparatively quiet except at the opening, when hedges had to be removed against export sales. The market quieted down considerably after that, and at the close showed a decline of 3/8¢ per bu for May wheat, and 1/8¢ for the July compared with the previous session.

Corn receipts are only fair, 612,000 bu compared with 1,174,000 bu last week, but as stocks in the country among farmers are very large, they might increase at any time. In the meantime, some export business is going on; Germany is supposed to have purchased three cargoes, but it had no particular influence upon the market. Corn futures finally closed a little lower than yesterday, mostly in sympathy with wheat.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

April 14, 1938

It is difficult, at any time, to guess the long-time wheat trend on account of the many changes which continually take place in crop prospects. By the time wheat has been gathered in the Northern Hemisphere uncertainties still exist as to results in the Southern Hemisphere, and vice versa. However, certain other general tendencies are as regular as clockwork, namely, at the close of the season, or just before July 1st, our stocks usually reach a low point and then gradually increase, frequently attaining their maximum in November, although sometimes a little earlier. In the same proportion as stocks increase, very often the open trades gain, and naturally, more wheat will have to be hedged for which buyers, who at one price or another always appear, will have to be found.

Therefore, it is interesting to note what happened during the last eight years. The lowest open interest for the year 1930 was in July, amounting to 104,820,000 bu, the maximum in November being 188,527,000 bu:

	Minimum (000 omitted)		Maximum thereafter	
1931	May	70,437 bu.	Nov.	133,912 bu.
1932	July	101,409	Oct.	174,752
1933	March	122,550	July	199,711
1934	May	88,669	Aug.	165,864
1935	July	68,181	Nov.	130,883
1936	June	53,568	Nov.	102,555
1937	June	83,871	Aug.	141,150

We expect the same will occur this year. Our stocks probably will be the lowest in about June, just before the new wheat comes on the market. From now until that time, hedges will have to be removed, and probably the open interest will decrease also. From then on we expect steady increases of wheat in store, also in the open interest. With the large prospective crop, the open interest might increase from 50 to 100 million bu, and new buyers will have to be found for such quantities. It is, therefore, quite likely - even assuming, as we do, that lower prices will finally prevail - that declines may not materialize in a large way until later on.

The Liverpool market closed early today and will not reopen until Tuesday on account of the Easter holidays. Their cables finished comparatively firm, advancing 1/4 to 5/8¢ per bu on the various futures, chiefly influenced by short covering. This, in spite of the fact that prospective clearances this week are very heavy.

Australia, this week, shipped 6,014,000 bu, versus 2,043,000 bu last year; Argentina, 1,881,000 bu compared with 5,499,000 bu a year ago. We think this is the first time this season when Southern Hemisphere shipments were larger than in 1937. Black sea cleared 1,360,000 bu against 1,392,000 bu last year, and again includes some shipments from Russia, amounting to 736,000 bu. On the other hand, exports of wheat from the United States during the week ended April 9th, were very light, being only 538,000 bu of wheat and 97,000 barrels of flour, or a total of approximately one million bu. So far this season, total exports of wheat and flour amount to about 63 million bu.

Crop prospects from Europe promise about average yields. An official report from Germany gives the condition of winter wheat throughout the country as fairly good. Italy reports that the new crop prospects are bad in the North, fair in the Central part and very good in the South and in Sicily. The weather in France is dry over a great portion, with cold nights delaying the growth; new wheat, however, is in fair condition, but on light soils immediate moisture is needed. The weather in the United States is mild and about normal, but there are possibilities of more moisture in some parts of Kansas and Nebraska, which would be very beneficial.

(OVER)

After a fairly steady opening at somewhat higher prices, the President's relief message from Washington was received; it immediately caused a sharp upturn, being considered as very inflationary. The President asks Congress to approve a $3 billion Federal pump-priming program, the desterilization of $1,400 million Treasury gold, and also, that the Federal Reserve Board cut member bank reserve requirements by about $750,000,000.

There is no doubt that these measures, if approved by Congress, will have an inflationary tendency. However, it is questionable how fast this will work. The measures proposed now can in no way be compared with the inflationary measure when the gold content of the dollar was reduced by about 40 per cent, which logically should have raised prices 70 per cent.

The stock market took the matter very calmly, but yet showed moderate advances, and evidently, opinions must be to the effect that it will take more than monetary regulations and the spending of money to bring about a quick reaction in general business.

As far as wheat is concerned, we do not believe the effects will be very noticeable during the next six or twelve months, provided our crop comes through all right, because in that case, we shall have such an excess of supplies over domestic consumption that only a tremendous export business will relieve us of the load. We hardly see how we can be helped much in that direction by the new measures which are proposed now.

This is the fourth time since late December, 1936, when changes have taken place in the gold policy. Up to that time, the old-fashioned method was pursued of issuing gold notes against the imported and our own mined gold. Later the quantity absorbed became so large, and inflation was feared to such an extent that it was decided to sterilize all the additional amounts which the Government had to buy. This again did not prove satisfactory, because it required large borrowings on part of the Government, and another change was made - part of the gold which had been sterilized was desterilized. At the same time a new method was adopted, decreeing that $100 million bu quarterly should be handled in the old way of issuing gold notes, and only the excess be sterilized. Now, it seems, the latest proposition is to the effect that all the sterilized gold will be again desterilized, but we are still in the dark as to what will become of the new gold arrivals from now on. It just shows that we have not yet solved the problem of what permanent policy must be adopted, which in the ordinary course of events, with the ever-increasing gold production, will bring more of this metal to these shores, for which there is no need.

The strength in wheat was maintained right through the session and at the close May wheat was 2¢ and July 2 1/4¢ higher than yesterday. Corn sympathized with wheat and also closed higher.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO April 16, 1938

Liverpool stock and commodity markets were all closed today; nevertheless, the foreign news which was cabled was very important in creating sentiment here. Three years of estrangement, which threatened to precipitate a world war, ended today, when representatives of Great Britain and Fascist Italy initiated a Treaty of Friendship, which many diplomats hail as the first step toward a genuine pacification of Europe. Since everybody knows what disastrous effects the last war had economically on every country in the world, it is quite evident that fears of another war, which has been threatening for some time, were a great influence in retarding foreign trade and enterprise, except in armaments. The stock market responded vigorously to this change in the political situation, and it, together with the inflationary measures which are now proposed in Congress, was construed as possibly being the dawn of better days in business. Naturally, it had a sentimental effect upon wheat traders, but in the meantime, we had better rains in the Southwest than for some time, and this was a bearish influence, so far as wheat is concerned.

It is our impression that if estimated figures on the crop were compiled today they would show better prospects in the United States than on April 1st; this, in spite of the fact that it is generally admitted there was considerable damage on account of the freezes in Texas, and that state will not raise as much wheat as was in sight on April 1st. However, this is the only state which has seriously suffered and whatever damage may have been done is relatively less important than the gains which must have been made in Kansas, Oklahoma and Nebraska. The weekly bulletin of the United States Department of Agriculture of April 12th, is rather opimistic. So far as Kansas is concerned, they report there was no damage to winter wheat, except possibly slight damage in Southeast and South Central sections where jointing, and in extreme Southwest where driving wind and dust caused some damage. In Texas, winter wheat was prematurely advanced, and it suffered some setback in West Central and North Central sections, but it is believed a large percentage will recover. It may be too early to estimate the actual damage, but considering that we are dealing with an acreage of 50 million acres of winter wheat (after deduction of abandonment) we still feel the number of bushels which might be harvested will be very large. The outlook for soil conditions in both our Northwest and in Canada also remains satisfactory.

Primary receipts of wheat today were 744,000 bu, and for the week, 1,982,000 bu, compared with 2,096,000 bu last week, and 1,763,000 bu a year ago. Shipments were very much larger - 2,558,000 bu this week, indicating another fair-sized decrease in the visible supply on Monday. In the meantime, the open interest decreased on Thursday - 875,000 bu, and does not reveal any heavy additional speculation on account of inflation fears. Hedges will have to be removed right along as the visible decreases, and in our opinion, the real test of the market will not come until later on when heavy accumulations are likely to occur, and in their trail bring heavy hedging sales. It will then be necessary to find new buyers for same, and in our opinion, they can only be found at present price levels, if there is a favorable supply and demand situation. Should it prove that the world will produce considerably more wheat than will be needed (which we think is likely) prices might suffer.

At the close our May wheat was 1/2¢ lower, and the July 3/8¢ lower.

Corn receipts for the week were considerably less than a week ago, comparisons being 4,605,000 bu, versus 7,178,000 bu, respectively, but last year's receipts were only 2,111,000 bu. This cereal was somewhat stronger, mostly in sympathy with the general feeling all around for reasons mentioned above.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO April 18, 1938.

Liverpool and other English markets were still closed, and most of the European markets are also still having a holiday; therefore, it was quite natural that no export business was reported. Tomorrow will be a better test of whether or not the large foreign demand, which had been in evidence for a week or two, will continue. In the meantime, importations for the week had been very substantial, 12,114,000 bu compared with only 9,336,000 bu last week, and 12,404,000 bu last year. This quantity is supposed to be considerably over weekly requirements, and, therefore, unless it is the intention to accumulate larger stocks, it will not be necessary for English millers to continue buying on as heavy a scale as of late.

According to Broomhall, it was reported that there were rains over virtually the entire country of Hungary, which will benefit the growing crops which were urgently in need of moisture. In Jugoslavia there were rains also, followed by heavy snows, and as there had been a deficiency, beneficial results are expected. There is no news this morning from either Australia or Italy, where apparently drought conditions seem to continue for the time being.

Weather during the last 48 hours in this country was ideal, and warmer temperatures following the recent good rains must produce such favorable results that, in our opinion, estimates of the winter wheat crop in all states are likely to be raised again, with the exception of Texas, where undoubtedly damage has been done. There were also claims of frost damage in Oklahoma. As far as the latter state is concerned, practically everyone admits that it is only in a small isolated part and that the balance is in excellent shape. Now, regarding Texas, we hear all kinds of reports; some of them certainly cannot be ignored, coming from the Agricultural Department of the Atchison, Topeka & Santa Fe Railway Company. Also some come from crop experts, who are supposed to be very reliable, and who have had a great deal of experience; others from independent parties, and the consensus is rather pessimistic.

On the other hand, we ourselves have received a great many reports, and operate an elevator in Texas; therefore, have a direct interest in the outcome of their crops. We also have a large wire system, many acquaintances, and get information from people who are very dependable. Many indicate that, in their opinion, the actual damage will not be nearly so great as others report, and they give us a rather hopeful picture. We cannot ignore our own reports. When we consider what happened last year at various periods, when at one time private estimates about Kansas were reduced to 100 million bu, and finally that state produced 158 million bu. There were also alarming reports received about black rust in much of the winter wheat territory, but finally we produced a very large crop; and this, despite the fact that the acreage was 3 million acres less than the one standing now. We, therefore, believe it is rather hazardous to lay too much emphasis on what happened or what might happen in the state of Texas.

Primary receipts of wheat today show a considerable increase, being 724,000 bu versus only 391,000 bu a week ago, and 393,000 bu a year ago. With farmers still having approximately 124 million bu to sell on April 1st, it is quite likely that with the more favorable outlook of their crops, they might show a great inclination to dispose of their old wheat before it comes into competition with the new. After all, it will be only a little over two months before the earliest wheat in Texas will start moving, and perhaps it might be a surprise to some how much wheat they will be able to ship, despite the freeze.

The visible supply showed a large decrease --2,324,000 bu, and the total is now 45,078,000 bu, or 16,337,000 bu larger than last year, when it amounted to only 28,741,000 bu. Chicago stocks decreased only 34,000 bu, and are now 8,378,000 bu. It appears to us

as if this is too much wheat to be marketed this season, and that quite a good deal may have to be carried over. Should this be the case, May wheat, which lost some of its premium today, might sell closer to the July wheat later on.

We understand the demand for red wheat is very poor at this time; consequently, some elevators might find it to their advantage to deliver some of this wheat on May contracts rather than carry it into the next season, unless they can dispose of it in the meantime to better advantage to millers.

At the close our May wheat was unchanged, and the July was 7/8¢ per bu higher.

Primary receipts of corn continue to be extremely large, today being 2,001,000 bu against only 462,000 bu, while last week they amounted to 735,000 bu. The visible supply decreased 944,000 bu, but stocks at terminal elevators are still very big-- 42,558,000 bu compared with only 8,055,000 bu last year. We think as long as this heavy movement continues it will be difficult to advance the price level.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO April 19, 1938.

This morning the trade was anxiously awaiting Liverpool cables, as much happened during the four days that the English markets were closed. No one could foresee what they would be. During that period, fears of war subsided considerably as the proposed agreement between Italy and England was perfected, and Italy is also ready to negotiate a Treaty of Friendship with France. As a consequence, there will be less desire to buy wheat for protection against war, and we have not heard of any important cash wheat sales today to Europe, either from the United States or Canada.

Australia, which had been suffering from drought, has been favored with good rains throughout South Australia and Victoria, and there have been showers in New South Wales which will permit seeding to take place. Under these conditions, it is quite possible the planted acreage will be normal, while if the drought had continued considerable reduction would have taken place. From Europe, reports indicate that conditions are as nearly normal as usual. The outlook is neither for a bumper crop nor for crop failures, but a reasonably satisfactory one. Moisture conditions seem to be up to average in most parts of Russia. The Balkan states appear to have been particularly favored and present indications are for large wheat crops. Hungary's prospects have also improved as a consequence of more moisture. France, on the contrary, could still use more moisture but is not suffering. Conditions in Germany are satisfactory. The one country which is not doing so well is Italy, as wheat in the northern section is in bad condition and reduced yields are expected. However, in other parts, conditions are reported to be fair to good.

In this country, weather continues to be ideal. Taking a broad view, and not permitting ourselves to become pessimistic because in one or two states everything is not perfect, we believe the final yields of winter wheat are just as likely to be larger than the 725 million bu estimated by the government on April 1st, than they are of being lower. Secretary of Agriculture Wallace and other AAA officials are making strenuous efforts to be ready to lend to the wheat farmers upwards of $120 million, in view of the fact that they envisage a total combined wheat crop in the United States of close to one billion bu. This, however, is rather an extreme figure, which could only be realized if weather conditions from now on were above normal. Assuming this figure would be cut by 75 million bu, we could still have a burdensome supply to deal with the coming season, and the effects might be felt very soon after wheat starts to move. All of this is very well-known to the trade, and even though the market maintains a very firm appearance, we believe it is largely due to inflationary fears and also, to hopes that the governmental agencies will prevent wheat prices from declining too much.

So far as inflation is concerned, most of the economists who write on the subject and have analyzed the new spending program from every point of view, are of the belief that the effect will be only slight for some time, and that it is not likely to affect commodities much where there is an abundant supply. So far as governmental help is concerned, no doubt it will come forward, but likely it will be at a level considerably below present prices; therefore, it is not probable that any present advance could be maintained. Should we get out of line with foreign markets, which would prevent continued export business, it would make matters all the worse afterwards. So far we have done very nicely in disposing of fair quantities of wheat raised this season, and according to Broomhall, up to the present time the United States has exported 70 million bu of wheat and flour. He also estimates that during the subsequent 2 1/2 months another 20 million bu might be wanted, making a grand total of 90 million bu for the 12 months, which closely approximates the Department of Agriculture's original estimate.

The first Liverpool cables, before our market had opened, were rather disappointing, showing nowhere near the gain we had made while their market was closed. However, a further advance took

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place, and allowing for the great strength in sterling exchange, total gain since last Thursday finally was 1 1/2 to 2¢ per bu.

Primary receipts were very modest --340,000 bu compared with 260,000 bu a week ago, and 266,000 bu last year.

After fair strength during mid-session, buying power was not sufficient to absorb offerings as they came into the pit; we also presume the weakness in the stock market might have had something to do with a changed sentiment. There was more weakness in May wheat, which lost further ground compared to the July. A further liquidation in the former future is likely unless the cash demand improves. At the close May wheat showed a decline of 3/4¢ per bu, and the July 1/2¢ per bu.

The export business in corn, which had been such a sustaining factor for a long time, is absent at present; at least, if any transactions are taking place they are of much more moderate proportions. Receipts, however, are keeping up in large volume, amounting to 1,167,000 bu today, versus 632,000 bu a week ago, and only 344,000 bu in 1937. The feeling is quite general that this large movement will become burdensome unless exporters step in and prevent further accumulations; therefore, the price may be high enough, and there is a possibility that this cereal might show some declines.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO April 20, 1938.

The world at large had so many wheat crop failures during the last four or five years, that the trade has become very apprehensive. Evidently it takes nothing for granted and is not willing to assume that because the present general prospects are very satisfactory, they will necessarily materialize. Extreme nervousness prevails if any one country anticipates poor results, even if the balance of the world has fine prospects. Therefore, even the staid Englishman, who is usually very conservative, is at the present time very much impressed with the poor prospects in Italy, and this accounted for the early strong cables, Liverpool paying more attention to that than to the continued good prospects everywhere else. The drought in Italy, particularly in the North, continues and a light wheat crop is feared as inevitable, which will necessitate heavy importations. Should the weather continue to be unfavorable there, a serious crop failure is feared.

This nervousness can be explained psychologically, because last year (later than at this time) an early good promise in Canada was turned through bad weather afterwards, and a crop failure resulted. Later on Argentina had the same fate, her yields being much below normal. During the previous three or four years, drought prevailed in the United States and for several years insufficient quantities were raised for home consumption and importations were made. During the last 20 years, Russia has been only an occasional big exporter, although this past season she has furnished fair-sized quantities and from now on has to be reckoned with as a competitor. This particularly so, as recent considerable precipitation aided the winter wheat crops.

However, in our opinion, the present good outlook in the United States, and the good soil conditions in Canada overshadows everything else. The difference in the available quantities for export which might be produced in these countries might alone be almost sufficient to supply the bulk of the needs of the importing countries. The season ending July 1st will probably show that the importers will take about 500 million bu, and assuming that we add 50 million bu for extra needs for Italy, there will be 550 million bu needed next year. Assuming the United States raises 925 million bu and consumes 675 million bu, there would be a surplus of 250 million bu, and Canada, with its present acreage, has frequently raised 350 million bu, and with approximately a 100 million bu consumption, she could also spare 200-250 million bu, so that almost all the wheat raised for export in the Southern Hemisphere, Russia, the Danubian provinces and other countries, would give an enormous excess and leave the world at the end of next season with much more wheat on hand than at present.

There was quite a fair export business done in Gulf wheat, quantities being estimated at about 700,000 bu. Hedges had to be removed and this gave the May wheat great strength compared with July. The Liverpool strength, however, did not last, and probably due to more favorable reports from the United States prices eased off, and at the close their futures showed a decline of 1/2 to 1¢ a bu. There were reports of excellent rains over night in Oklahoma, Missouri, and sections of Kansas. The outlook is for more moisture during the next 48 hours, and, therefore, we must assume that the wheat crop is progressing satisfactorily and normally. The weekly government report confirms our own advices and claims the damage from recent cold weather is apparently not severe. It also statesthat in the Great Plains section, particularly from Oklahoma northward, winter wheat is making rapid recovery from the recent setback caused by low temperatures, and additional moisture, particularly in Kansas and Nebraska, has been decidedly beneficial. According to the Texas weekly crop bulletin, the winter wheat is recovering from freezing weather, and only a small percentage will be abandoned and plowed up.

Trade was extremely quiet and possibly will not be as large as it was yesterday, when the total volume of wheat traded was only

(O V E R)

17,215,000 bu. Nobody is quite sure what effect the government's lending price on wheat will do to the movement and whether or not many farmers will avail themselves of such a loan. However, we are quite sure, if any loans are to be made, they will be on a much lower level than present prevailing prices; therefore, if conditions otherwise justify, we feel convinced, prices will be permitted to decline somewhat.

Primary receipts continue to be moderate 346,000 bu compared with 249,000 last week, and 211,000 last year. Stocks at the two big centers --Kansas City and Minneapolis-- continue to show decreases and so far lost 476,000 bu for this week. The open trade in May wheat last night was still 34,553,000 bu, with only nine business days left, after today, to liquidate contracts before delivery can be made. The outcome of this future might be very interesting. Everybody recognizes that the total amount available for contracts is comparatively small. On the other hand, it is also admitted that the demand for soft wheat is very poor and it is selling for less money in practically all eastern markets where it could be shipped; therefore, there is no special incentive to take delivery. What the size of the deliveries will be finally will depend very largely upon the premium during the period before the future expires. Should the demand not improve, there certainly could be no incentive for the owners to carry it into the new crop at a big premium, and we feel convinced, should the premium be high enough, deliveries might be more than some look for because, if necessary, it could be brought here from other places. However, should the premium over July disappear the holders, particularly if they own elevators, might be willing to carry it over into July, figuring there might be another chance to dispose of it to the milling trade at a premium.

At the close the market showed an advance of 5/8¢ per bu for the May future and 1/8¢ for the July.

There was a much better export business in corn reported, but it did not create any great enthusiasm because receipts are keeping up at a fair rate, and there is ample corn left in the country to come forward. Primary receipts were 762,000 bu versus 612,000 bu last week, and 270,000 bu last year.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO April 21, 1938.

On April 1st, May wheat closed at 85 3/4 and July at 81 3/4. Today our May wheat closed at 84 1/4, and July at 82 1/8 per bu; therefore, the changes have been very inconsequential, one future declining about as much as the other advanced. In the meantime, there were the following changes in the visible supply: on March 28th, it amounted to 51 million bu, and on April 18th, it had been reduced to 45 million bu. There no doubt will be further decreases this coming Monday. It was already known on April 1st that crop prospects were very promising. The private experts came out with high estimates, and the government afterwards confirmed them.

Since that time weather conditions have been extremely favorable, and possibly the outlook has improved still further. Ordinarily the prognosticator, had he known all the facts before hand, would have been justified in predicting lower prices by this time, according to all normal reasonings. This has not happened, and in our opinion, is due to the fact that decreases in the visible supply at this period, together with other reductions in stocks in mills and country elevators, which had been hedged, have brought about such removal of hedges that it fully offsets any short selling based on what may happen in the future. This particularly so, as this year short sellers are very timid, in view of possible government action preventing too sharp declines, and also because there are always uncertainties regarding the final yields until harvest actually takes place. For this reason, a great many people "play the calendar" and very frequently find it inadvisable to play the short side of the market at this period. Some of those who were more venturesome thought this season might be an exception on account of the extremely large acreage which was planted, smaller abandonment than in recent years, the excellent soil conditions for seeding in our Northwest, and the favorable outlook in Canada, where they have excellent moisture compared with last season. However, it seems the experienced traders who follow calendar rules have been right. April is usually a month when prices can easily be maintained, but as a rule in June, when a large harvest makes itself felt with a big actual and prospective movement and heavy hedging sales, prices decline. Therefore, June frequently is a bear month.

Broomhall today cables some figures on the prospective supply and demand situation for next season; he comes to practically the same conclusion as we did, and which was expressed in our market letters; that is, if the importing nations need only 500 million bu this could be easily supplied without a bushel being furnished by either the United States, Russia, or India, but should we, nevertheless, export a certain quantity other countries would be unable to sell their surplus to that extent. He also concludes that under the circumstances, assistance from Washington might become very necessary, if lower prices are to be prevented.

Cables were quite strong again today --Liverpool futures advanced 1 1/4 to 1 5/8¢ a bushel. It seems the continued drought in north Italy is still quite an influence. So far as we know, crops in that section at this time of year are no further advanced than ours in the Middle West (Illinois, Indiana, etc.) In fact, we think their harvest is even later, and, therefore, we cannot understand why there is not the possibility that timely rains might change the situation. We feel quite sure this would be the case here at this period.

Argentine shipments were very light --1,653,000 bu compared to 5,963,000 bu last year, but last season at this time Argentina was about through with its heavy clearances. From now on the comparison with last season is likely to be much more favorable. Black sea shipments were also light -- 904,000 bu versus 1,184,000 bu ayear ago. Consequently, we assume the world's importations for the coming week will be very moderate and will hardly add to the stocks in Europe.

(O V E R)

The weather in the United States overnight was ideal --there were wonderful rains in parts of Kansas, Nebraska, Texas, and must be of immense benefit in reducing danger of drought damage later, should we have extremely warm weather, as is often the case as we approach the summer months.

Sanford Evans also gives a rather hopeful picture for Canada. In Manitoba prospects are good, with ample subsoil moisture being present in all districts. In the South, seeding is well on the way. In the southern districts of Saskatchewan, seeding has been progressing favorably, and surface moisture conditions are good; in some parts there is some subsoil moisture. Some sections in a large area have deficient subsoil moisture, but there is moisture on the surface. Altogether it is very much more promising than last season when there was a crop failure. There was a forecast for light-to-heavy frost in northeastern portions of Kansas; however, our weather man thinks temperatures will probably not go below 35°, in which case no damage would occur; also rising temperatures are predicted for Friday, so we do not look for anything serious. This forecast, however, influenced many traders, and undoubtedly induced some short covering; therefore, if tomorrow it should turn out that no frost damage occurred, we believe the market is likely to be lower, unless something else interferes to create more bullishness.

Primary receipts today were very fair --424,000 bu compared with 338,000 bu last week, and 272,000 bu last year. There is also fair movement direct to the Gulf which does not show in the primary receipts, so we conclude that generally speaking, the farmers must be pretty well satisfied in the Southwest and are selling reasonably freely. Stocks at Kansas City and Minneapolis decreased 635,000.

At the close our market showed an advance of 1/8¢ per bu for the May future, and a decline of 1/4¢ for the July.

Export demand in corn continues, and some is being exported almost daily. However, receipts are large --910,000 bu compared with 407,000 bu last year similar day. Farmers' stocks are too large to justify an upward trend, in our opinion.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
EW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
W YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO April 22, 1938.

If our contention is correct that the amount of precipitation, as a general rule, is the most important factor in determining the size of the winter wheat crop, the following we think will be very interesting: Precipitation during March was above normal practically everywhere, and the precipitation in the important grain states compared with the normal was as follows:

Kansas	143%	Missouri	157%	Colorado	138%
Nebraska	129	Illinois	183	Oklahoma	192
Ohio	154	Iowa	139	Texas	106
No. Dakota	167	Montana	134	So. Dakota	110
Indiana	169	Minnesota	126	Oregon	169
Washington	138				

So far during the month of April rainfall was on an average also quite satisfactory.

A similar condition existed in 1931, when we had the largest winter wheat crop ever produced in this country. Even then there were periods when there were crop scares. We quote from the United States Department of Agriculture on Kansas conditions for the week ended April 28, 1931, which corresponds with the coming week, as follows:

> "Rather cool, with severe frosts and freezing temperatures in all parts of State; moderate rainfall, almost continuous from Wednesday to Saturday; snow in northwestern counties. Farm work practically at a standstill. Winter wheat seems to have survived the freezing with little or no damage; greater part has jointed in southern half of State."

In fact, nobody had any idea then how large the crop would be until December. The April government estimate was 644 million bu; the May, 653 million bu; and the June, 649 million bu compared with this year's estimate in April of 726 million bu. Even in July 1931 the estimate was only 713 million bu, and in August 775 million bu, but it was finally revised in December to 821 million bu. That crop was produced on 43,330,000 acres, whereas this year we have 50 million acres standing. A yield equally as large as the one in 1931, or 18.9 bushels per acre, would produce about 942 million bu, and bushels per acre less would still yield about 745 million bu.

We do not wish to have anyone think that we are looking forward to results anything like the extremes, particularly as we know that in some parts of one state --Texas-- irreparable damage already has been done, andthat Oklahoma and Kansas while good are not perfect. However, we do wish to point out how much damage might take place from now on and still make it possible, and likely, that we shall finally raise more than 726 million bu --the latest government figures.

In the meantime, weather conditions continue to be quite satisfactory. Light showers have occurred during the past 24 hours over portions of Kansas and Oklahoma; temperature changes have been unimportant and continue below normal over all sections. Frost, however, was of little consequence in any section. Temperatures in the Southwest will probably continue cool with rising temperatures over the western sections today or tomorrow. The frost which had been anticipated did not materialize. This was an offset against the early strong cables, and it was a surprise to the trade that with the weakness at Winnipeg, foreign buyers would not be more reluctant to pay higher prices. However, there were good buyers for more Australian cargoes, and we believe there was also some hard winter wheat from the Gulf sold abroad.

There are continued rumors that the British Government is preparing to lay in large amounts of wheat for war purposes. It is claimed they have already acquired storage facilities at Liverpool

(O V E R)

for about five million bushels. There was another report that it is the intention to hold all this and next year's wheat crops on English farms, and as the average crop amounts to about 50 million bu importations to England would have to be increased by this amount this season, as well as next. However, this has not been officially confirmed.

It seems they had some rains in Italy, but the weather was clearing again, and the moisture was insufficient to check deterioration. There is some wheat being ploughed up in several districts, but the crop in south Italy still promises to be fair.

The Kansas Weekly Weather & Crop Bulletin is encouraging, and we quote as follows:

> "Apparently the recent snowstorms and freezes resulted in but little injury to field crops. Some of the most advanced wheat in extreme southern counties was injured to the extent that full recovery appears impossible, but generally speaking, Kansas wheat probably suffered very little."

Southern Hemisphere shipments this week were 5,800,000 bu, but with the probable clearances from North America and from Black sea ports, the total will probably be sufficient for the weekly requirements of the importing nations.

Primary receipts are fairly large --472,000 bu compared with 282,000 bu last year. No comparison can be made with last week when we had a holiday. Stocks at Kansas City, Duluth and Minneapolis so far show a decrease of 899,000 bu, indicating a good-sized decrease in the visible supply on Monday, but probably not as large as the one last season when the decrease amounted to 2,902,000 bu.

Flour business continues to be poor. Sales in the Northwest have showed further contraction and business at the present time is as small as at any time during this crop year. The buying is scattered and mostly small orders for nearby shipment. Sales to mills last week totaled only 28 per cent of capacity, compared with 45 per cent for the previous seven days and 150 per cent similar period a year ago.

At times our market became quite weak, influenced by lower prices at Winnipeg, and at the close May wheat showed a decline for the day of 1/4¢ per bu, and July was unchanged.

It looks as though there were important quantities of corn sold for Europe, but it was ignored as a market factor, as receipts continue to be large, and in addition, offerings from the country for shipment here are also of considerable amounts. Primary receipts amounted to 1,096,000 bu, compared with 259,000 bu last year.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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NEW YORK COCOA EXCHANGE
W YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

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TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO April 23, 1938.

At the present time, as far as wheat crop prospects in the Northern Hemisphere are concerned, there are two bad spots in the world; one in Europe, namely, Italy, which is suffering from drought. The International Institute at Rome estimates that a reduction of 30 to 40 per cent in the total crop may result; and with little carried over into the new season it is expected domestic supplies probably will be inadequate for home requirements, and imports in considerable volume may be necessary. It is, therefore, safe to assume that that country next year may possibly import an additional 50 million bu, or more. However, owing to exchange difficulties probably lots of substitutes will be used, and the total quantity required may not reach such proportions as it would otherwise. This amount, and much more, might easily be offset by Canada's ability to export considerably larger quantities this coming season than the present one. Actual Canadian ocean exports from August 1, 1937, to April 1, 1938, were only 56 million bu, and including flour, total exports were about 70 million bu. For the balance of the season they are likely to be very moderate, while in an ordinary year she could easily export 200 million bu or more.

The other place from which complaints are received, is the State of Texas. This, in our opinion, however, is very unimportant. According to the government report of April 1st for that state when everything looked very rosy, the estimate was for 39,862,000 bu. We received advices today that provided there would be good rains, and weather was otherwise favorable from this time on, that State might still raise close to 40 million bu. However, to be on the conservative side, assuming this quantity is reduced to 30 million bu, (and we think scarcely anyone makes the estimate that low at the present time) it would be a reduction of only 10 million bu, which undoubtedly will be more than made up by other States where there is much improvement since the beginning of the month.

In fact, there is a report from Washington today by the United Press from which we quote as follows:

> "Favorable weather reports from the middle west led agriculture department officials to believe the May 1st forecast of winter wheat production will be at least 25 million bu above the April 1st estimate of 726 million bu.
>
> "Added to an expected spring wheat crop of 200 million bu, this would make a total wheat crop of 950 million bu. That would be the highest production since 1919 and would give the United States an all-time record surplus."

In making an estimate of 200 million bu for the spring wheat crop, we consider it extremely conservative, as it would be only 12 million bu more than the crop harvested this season, when there was all kinds of trouble and great deterioration from the earlier promises, which may not be repeated this year. Soil conditions are very much better than they were a year ago, and seeding is taking place very much earlier, which usually is conducive to good results, as it exposes the plant less to the dangers of heat and drought later in the season.

Liverpool cables were somewhat lower than due. It is claimed that the recent precipitation in Australia has given only partial relief, and the moisture situation is not yet quite satisfactory, and that good soaking rains would be welcome. Overnight business from both Canada and the United States, however, was very moderate, and we find that up to April 2nd the United Kingdom imported 8 million bu less wheat and flour than in 1937. It is, therefore, quite conceivable that the heavy purchases during this month were needed to replenish stocks, and do not necessarily indicate that the English government at the present time is laying in larger stocks for war purposes.

(O V E R)

Our market opened somewhat lower, and was rather weak early in the session, but later on somebody reported some black rust in Texas. We understand that some stems were shown around in Kansas City showing the existence of this disease. On further inquiry we found that these stems came from a territory where very little wheat is being raised. We doubt if there was ever a year when somebody did not find some black rust somewhere in this country. We think it is entirely safe to already predict that some will be discovered in the spring wheat territory at some time later on, but this does not mean that the crop will actually suffer to a large extent. There is hardly a disease known in the world which does not exist somewhere at various periods in every large city, but it does not mean an epidemic We think these black rust reports should be ignored at present as a market factor, as long as same is not general.

The weekly weather forecast is reasonably favorable; temperature are supposed to be normal or below normal, with occasional showers the first part of the week, and fair weather later on.

After the close of the session yesterday an official report came from Washington on stocks of wheat in interior mills elevators, as of April 1st, estimating 73,075,000 bu compared with 39,009,000 bu last year, and the highest for April 1st since 1934. If we compile our figures on the visible supply, farmers' stocks, and the latest estimates in interior mills; together with ours on big mill stocks, we arrive at the conclusion that the total will be approximately 123 million bu excess over last year. If we deduct probable exports of 23 million bu, we would finally have an excess of about 100 million bu more than in 1937. This is about the same figure on which we have based our calculations right along, and it seems to us would justify the view that May wheat might lose its premium over July. There is no reason for elevator operators to be anxious to carry much wheat over into the new crop.

Open contracts in May wheat last night were 31,936,000 bu, and if we assume that they will be reduced today about the same as yesterday, there will be close to 31 million bu still open. There are six more business days before deliveries can take place. We do not anticipate there will be any deliveries the first days of May, but if the premium stays where it is we would rather guess there may be heavy deliveries later on, as the demand for #2 red wheat is very poor. Crop prospects in Illinois and Indiana from where this city usually derives its large supplies are very favorable, and it will not be very long before this new wheat will come into competition wit the old.

Primary receipts today were heavy --516,000 bu compared with 744,000 bu last week for two days, and only 295,000 bu last year. We look for a fair-sized decrease in the visible supply on Monday.

At the close May wheat showed a decline for the day of 1/4¢ per bu, and the July 1/8¢.

There was again a fair export business in corn, but primary receipts are keeping up at a heavy rate --amounting for the week to 7,029,000 bu against 4,605,000 bu a week ago and 2,032,000 bu the previous year. As long as this heavy movement continues, we see no prospects for much improvement in prices.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
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NEW YORK COCOA EXCHANGE
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COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO April 25, 1938.

All reports up to date about the winter wheat crop from official and private sources, indicate probable large yields. There is some apprehension, however, that possibly black rust might appear again as it did last season and bring about crop losses. So far, these are chiefly fears, as black rust has been discovered on the stem in parts of Texas. However, judging from last year's experience, we do not believe there is any cause for alarm so far as we can see. Extensive black rust damage for winter wheat is extraordinarily rare, and the losses sustained last year were just about the worst in 20 years; nevertheless, in looking up the records, we find the following:

Government estimate for winter wheat, 1937.

May 1	-	654,000,000 bu
June 1	-	649,000,000
July 1	-	663,641,000
Aug. 1	-	688,145,000
Final yield	-	685,000,000 bu

Therefore, in spite of the rust, the crop prospects increased 31 million bu from May 1st to the end. The weather: namely, lots of rain, which brought about black rust damage, increased the yields in many places more than offsetting the losses. It is true the quality was damaged, but nevertheless, the bulk of the wheat raised is being used for milling purposes.

Liverpool cables were very indifferent before our session opened, but as soon as they heard of our weak opening they followed suit and finally their futures declined from 3/8¢ to 1 1/8¢ a bu. At the present time we believe foreign markets are following, rather than leading ours, fully appreciating that the price of wheat this year will depend more upon the outcome of the North American crops than on anything else; this, provided there are no radical changes in the European crop prospects, which in the main we consider as rather normal up to the present time. Italy still expects only poor yields, but on the other hand, crop prospects are very good in Germany. In the other countries with large populations, the situation is as follows: France's outlook is average; Russia's spring wheat sowings continue to be slow, but this could easily be remedied. In AUSTRALIA, New South Wales has been favored with rains, and according to a private cable which we received, the drought has been broken. This is likely to affect sentiment in England considerably, as there was alarm that moisture was insufficient so that farmers would not be tempted to put in a full acreage.

World's shipments were again rather light --9,790,000 bu compared with 13,243,000 bu last week; the amount on passage has been permitted to go down to 39,392,000 bu versus 55,080,000 bu the previous season. This does not indicate as yet that any efforts are being made to accumulate large supplies in preparation for war. On the contrary, we believe foreigners feel the same as our millers do here: namely, that so long as futures are at a discount and the possibilities are that wheat might be purchased at lower prices later on when the new crops begin to move everywhere, it is good policy to let supplies go down; therefore, the tendency might be to continue to buy from hand-to-mouth.

The way it looks at the present time, with the exception of Canada, even old supplies in the export countries are fully as large, or larger, than they were at the same time last season. This is even the case in Argentina, where a poor crop was raised this year--much smaller than the preceding one. However, up to date, Argentine clearances were only a little over 50 million bu compared with 142 million bu last year, or 92 million bu less. As a consequence, there is an exportable surplus left as of April 23rd of about 50 million bu compared with only 29 million bu last year, or 21 million bu more, and from now on, Europe may expect larger shipments from

(O V E R)

that country than in 1937. As a matter of fact, Argentina played a very unimportant part after this period last season, and only during one exceptional week did she ship as much as 2,720,000 bu until the end of July, while some weeks they declined below one million bu. In fact, in one week: namely, July 22nd, only 196,000 bu was furnished by that country.

In Australia where the crop was much larger than in 1937, clearances so far exceed those of the previous season by 13 million bu. There is ample wheat left and it is reasonable to suppose she will export fully as much from now on as last year. The United States can easily supply all that will be required and will still have a very large carryover; therefore, with supplies being more than adequate for all requirements, attention centers on the probable outcome of the new crop. Sometime next week the private experts will give us their estimate, to be shortly followed by the official government report. The trade expects April figures will have to be raised somewhat, and it is quite evident that we need a very large export business, otherwise, we shall be compelled to accumulate very large quantities in this country. Ordinarily it would be very reasonable to predict very low prices under these circumstances, but the fact that the government might encourage farmers to hold their wheat by making loans which might be attractive to many of them, may minimize the pressure at times. However, we doubt if loans will be made at anywhere near the present level, but shall have to wait until positive official statements are made.

Primary receipts were heavy today --703,000 bu compared with 724,000 bu last week, and 564,000 last year. The visible supply decreased 2,435,000 bu, and is now 16,804,000 bu larger than a year ago. Chicago stocks are 7,964,000 bu, and are larger than at any other terminal market. The open interest in May wheat is still 31,317,000 bu. In view of the large stocks here, although we are fully aware that the greatest part is not of contract grade, we believe liquidation is likely to be on an extensive scale right along.

About two or three months ago the Stanford University predicted that May wheat might sell at a discount under July, because it has always done so before when our carryover was close to 200 million bu. Possibly they might be right.

At the close our May wheat showed a decline of 1 1/2¢ per bu, and the July 1 1/4¢.

Corn receipts are extremely heavy --1,555,000 bu compared with only 420,000 bu the previous year. Export business was rather light. The total visible supply is now 40,008,000 bu versus only 6,816,000 bu in 1937; which is a very heavy burden.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
HICAGO BOARD OF TRADE
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TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO April 26, 1938.

It is quite axiomatic that the future can only be judged from ast experience, and while miracles might happen which have never ccurred before, as a general rule, it is safe to assume that they ill not. On this assumption we figure that when we receive the ext government report estimating the winter wheat crop as the conitions appear at the end of this month, or within a few days, we an draw pretty safe conclusions as to what final results we may xpect. Taking the last ten years the results were as follows:

EAR	MAY ESTIMATE	FINAL CROP		(million bushels)
928	486	579	plus	93
929	595	577	minus	18
930	525	600	plus	75
931	653	821	"	168
932	441	492	"	51
933	337	377	"	40
934	461	438	minus	23
935	432	465	plus	33
936	464	519	"	55
937	654	685	"	31

his illustrates that in eight years out of ten final crops turned ut larger than the May estimate, and in some cases the excess was uite considerable. The two years when there was a reduction, the osses which occurred after May were extremely small; in the year 929, they amounted to 18 million bu, and in the year1934, to 23 milion bu. Taking the average of the ten years, there was an increase f 50 million bu; therefore, anybody who is not looking for trouble, and there are enough troubles in this world without hunting for hem) must be hopeful about the outlook of the winter wheat crop.

If a New York grain man would like to inspect the wheat fields imself, he would have to travel through the central states, through ansas, Nebraska and all the way South, and he would find his work rduous and disappointing if he attempted to locate many bad erritories until he reached Texas, where there was frost and damage. s far as we are concerned, unless there is a decided change in the utlook, it is our assumption that we will have to deal with a large inter wheat crop. How much this will affect the price level inally will depend upon the outcome of the spring wheat crop in the nited States, and that of Canada. The outlook there also has been uite favorable, but there is not quite the same assurance that ecessarily all will go well; particularly in North Dakota, there as a deficient amount of moisture of late, although at all times onditions were very much better than in recent years. Today, howver, they had very copious rains in our spring wheat states, and lso a fair amount of moisture in Canada, so that prospects will reatly improve, and one also may take a cheerful view of probable esults. Yet, it has to be taken into consideration that the pring wheat crop will be harvested much later than winter wheat, and hat there are many hazards and possibilities, so that changes for he worse might take place, should there be very unfavorable weather onditions from now on.

Liverpool wheat cables were only slightly lower before our ession opened, but after they received news about the heavy rains in he Dakotas and in Canada, they declined and finally their futures losed 1/2 to 1¢ lower. At the present time they are largely inluenced by the steady deterioration going on in Italy, but the ffect is partly offset by improved conditions in Australia and other arts of Europe.

The cash demand, however, was extremely quiet and we did not ear of any new export business from the Gulf, and also believe that anadian transactions were on a very small scale.

(O V E R)

The stock market showed great weakness at times, which probably was also an influence here early, and the trade always has in mind that when all the proposed inflationary measures are passed by Congress, monetary affairs, together with loans on wheat, may put a bottom on extreme declines, which otherwise may take place.

However, we also have to bear in mind that the time may come when we might wish to change our gold and silver policies. With the trade balance now largely in our favor, and being a creditor nation besides, it is quite natural that as long as we pay $35.00 per ounce gold importations will continue, and we shall accumulate more of it. It is reported that for the first time in the history of the Rand, the output of gold in March exceeded 1 million ounces. Last year the total output of gold in South Africa was 11,740,891 ounces compared with only 10,744,958 ounces in 1935. During the first three months of the year there were again increases, and we believe that this increased production is taking place all over the world. Of course, should we find it desirable at anytime to reduce the price we are paying for gold, the same as we did on silver, it would have a very deflationary effect; in fact, so much so, that we presume it is politically impossible to do it, although in the end it might prove to be very expensive to buy this metal right along, when it is really not wanted.

Primary receipts today were just moderate at 425,000 bu against 340,000 bu last week. Stocks at Kansas City and Minneapolis so far this week show a shrinkage of 247,000 bu. The volume of trade continues to be light, the total in wheat yesterday being a trifle over 16 million bu. However, the open interest decreased further, and is now only 81,536,000 bu, showing there is comparatively little speculative interest in this cereal.

May was comparatively the weakest future today, and stocks of contract red wheat in Federal licensed elevators increased last week from 659,000 bu to 828,000 bu. There was a decrease in public elevators from 310,000 bu to 258,000 bu. We do not know whether there is any significance in the increase in Federal elevators, but possibly some elevator concern might be getting ready to make deliveries whenever the owners decide to do so. Of course, should May wheat go to a discount these deliveries might never be made, but preparations might be made for all contingencies.

During the last hour there were reports of orgnge leaf rust appearing in Oklahoma. This, we think was the cause of miscellaneous buying, and the greater strength in the market. At the close the May future showed a decline of 1/2¢ per bu, and the July advanced 1/8¢.

Interest in corn remains indifferent, fluctuations are light, and receipts are keeping up; the demand was somewhat poorer today, but it might appear again any day now.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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COMMODITY EXCHANGE INC.

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141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO April 27, 1938.

As usual at this time of the year there are all kinds of re-
orts given to the trade regarding the progress of the winter wheat
ant in this country. Starting yesterday there were some claims
orange leaf rust doing damage in Oklahoma. Most traders were
ooking for information as to what this disease really means and what
amounts to. Wheat has been raised in this country ever since the
rst immigrants came over on the "Mayflower", and as far as we know,
ttle has ever been written on this subject, nor to our knowledge,
nd we have a good deal of experience ourselves) has any crop ever
een seriously hurt by orange leaf rust. Rust of various types seems
be quite general every year without doing much injury, and in
obinson's Cipher Code Book there are words for Nos. 2, 3, and 4
d or rust-proof oats, showing the prevalence of same, and therefore
would seem to be nothing extraordinary.

As an offset, as far as the market is concerned, were the
nderful rains in our Southwest, as well as in the Northwest, and we
lieve that will work wonders to bring about further improvement long
ter the orange leaf rust scare is forgotten. It always was our
lief, and we do not think we have any regrets in having stuck to it,
at the one great danger to the crops is drought; and we know from
ree or four years preceding the last one of the havoc this can do.
ere are innumerable minor troubles which affect the plant, the
me as the human body is subject to all kinds of troubles from the
me of birth until the last day. Just as a good heart, liver, and
her organs are the most important to the human being, so moisture
the essential factor which ordinarily determines the size of our
ops. A student of the wheat plant, if he were properly informed
out the amount of rainfall here, might live in China and with no
her information he could make a pretty good guess as to what the
nal yields would be in this country.

The United States Department of Agriculture, under date of
ril 23, confirms the optimistic views which we still hold regarding
e probable outcome of this year's crops. We quote:

> "Growing conditions in the United States and Canada, and in northern, western, and central Europe, are generally favorable and better than last year. In the Mediterranean countries, including North Africa, rains are urgently needed. Insufficient rainfall has also been reported in the Danubian countries, Greece, and France. Serious crop deterioration has already taken place in northern and central Italy. In Soviet Russia crop conditions are reported to be generally good, but spring sowings are being delayed by cold, wet weather.
>
> "In the United States a winter wheat crop of about 726 million bushels was indicated by the April 1 condition. Average yields on the spring wheat acreage indicated in the March 1 prospective plantings report would produce a spring wheat crop of about 200 million bu. If these indications materialize, the domestic wheat crop would total approximately 925 million bushels, A domestic crop of this size would be about 250 million bu in excess of the 5-year (1932-36) average domestic disappearance of 670 million bushels. If the carryover on July 1 this year turns out to be about 200 million bu and exports in 1938-39 do not exceed those for 1937-38, the carryover into July 1939 may approach the 378 million bushels reached in 1933."

Assuming these calculations are correct, a carryover in July,
39, of 378 million bu would appear very excessive compared with
her seasons; even should there be some deterioration it still would
big. It would compare with other years as follows:

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(million bushels)

YEAR	U. S. CARRYOVER	YEAR	U. S. CARRYOVER
1923	133	1931	329
1924	137	1932	391
1925	111	1933	378
1926	101	1934	274
1927	111	1935	148
1928	115	1936	138
1929	232	1937	91
1930	294	1938	190 (estimated)

So, our carryover on July 1st, 1939, would be virtually as large as any we ever had, and we think the estimate on the outcome of the crops so far is very conservative.

Liverpool wheat cables were very weak, their futures declining 1 to 1 1/8¢ per bu. An official admission in the House of Parliament that the English government has purchased about 6 million bu of wheat as war reserves was construed as rather bearish. The trade evidently believes that the total purchases for war reserves will not be exorbitant, and that there might be no further immediate accumulations. Consequently, cash business was extremely quiet and only the smallest quantities of wheat have been purchased overnight from North America.

May liquidation is proceeding at a normal rate and under normal conditions. The open interest declined yesterday 1,706,000 bu, and contracts still to be liquidated amount to 27,731,000 bu. In the meantime open trades in all wheat futures are gradually declining, and are now only 80,522,000 bu, which we consider rather small for this market, and shows very clearly that there is not much interest shown speculatively in this cereal at the present time.

Primary receipts continue to be very fair at 418,000 bu compared with 346,000 bu last week, and 306,000 bu last year. However, they are really no guidance as to the total farmers' movement, as for instance, today Galveston alone received 293,000 bu, and lots of wheat is being shipped to the South direct this year, which ordinarily comes North and appears among primary receipts.

The flour business continues to be extremely poor, consumers evidently being impressed with the favorable crop outlook. In the Northwest sales last week averaged only 20 per cent of capacity, whereas a week ago they were 28 per cent, and 26 per cent a like period a year ago. In the Southwest, conditions were even worse--business last week averaging 13 per cent of capacity compared with 16 per cent in the preceding seven days, and 84 per cent a year ago.

At the close our May wheat showed a decline of 3/4¢ per bu, and the July 7/8¢.

Corn receipts remain heavy, amounting today to 1,052,000 bu at all primary points versus only 186,000 bu in 1937. There is some export business going on right along, but is on a smaller scale at the present time. We believe under these circumstances we might see somewhat lower prices.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO April 28, 1938.

The open interest in May wheat yesterday, with three days, cluding today, before deliveries can be made, was 25,997,000 bu; decreased 1,734,000 bu yesterday. Trading in the May future is ways very popular, and the final outcome of prices will have a ntimental effect not only on July wheat, but also on opinions gen- ally of what differences are likely to be later on among the various tures. Should May wheat finally go to a discount under July, we lieve July and September wheat will widen considerably, because ere is little doubt that stocks during July will be very much larger an they are in May, when new wheat is likely to come to Chicago in rge quantities. At the present time nobody knows who is long the y wheat, who is short, or whether there will be any or many de- veries, and when. All is more or less of a guess, but not entirely , if one makes the proper deductions from the known facts.

Last Monday the amount of No 2 red wheat in state public d Federal elevators which could be delivered was 1,086,000 bu. The mand for same was relatively poor during the week. Stocks had en increased from the previous week, and are likely to increase re. So, after all, there might be a fair quantity of wheat avail- le for delivery. Furthermore we have what we consider reliable formation, that a quantity of wheat will be brought here from lwaukee possibly for delivery purposes. Should owners in general cide that it is a better proposition to deliver instead of carry- g the wheat into the next crop, they undoubtedly will do so, un- ss they can find millers who will pay them a premium. Therefore, we ink it quite likely that deliveries will be made sometime during e next month. As far as those who are long the wheat are con- rned, we do not see that they can do any better with it than the esent owners, and if the latter cannot find a good market for it, doubt whether others could, in which case this wheat might be re- livered, and possibly may go to a discount under July.

There was not much news either here or from abroad to influence r market materially. Liverpool cables were slightly lower for the arby futures --May and July declined 1/8¢ per bu, and the October ined 3/8¢. Clearances from various countries are quite moderate, t nevertheless, overnight business, both here and in Canada, was tremely light. We, therefore, conclude that millers abroad have great faith yet that the present level of prices can be sustained. timated Argentine shipments were 919,000 bu compared with 2,577,000 last year, and Black sea shipments, including 904,000 bu from uth Russia, were 1,160,000 bu compared with 2,368,000 bu last year. st week's North American shipments of wheat and flour were reported Mr. Broomhall as 2,331,000 bu, including 1,868,000 bu of United ates grain. This would leave only 450,000 bu for Canada. This is ite natural, owing to their high price level, but if light clear- ces from Canada continue, there might finally be a fair amount of nadian wheat carried over into the next crop. Under the circum- ances, it is not impossible that the Canadian wheat futures for arby delivery may lose ground on us, particularly in view of their ry favorable crop prospects for the coming season. Sanford Evans, der date of April 25th, reports that seeding of wheat throughout e prairie provinces is making good headway, and there is sufficient rface moisture in all districts for germination. Showers were also entiful and they were very welcome, particularly in Saskatchewan ere moisture has not been too plentiful. There were unconfirmed mors of some rainfall in Italy, but generally speaking, indications int to somewhat smaller crops in Europe this season, and undoubtedly aly will become a very much larger importer. In fact, she is gotiating at the present time on a barter arrangement with Argentina r some supplies. However, when we consider that total world im- rtations this season will be only approximately 500 million bu, of ich Europe will take 400 million bu, and non-European countries out 100 million bu, we feel the needs can easily be filled. We also el that with the war between China and Japan continuing, prospects r sales of wheat and flour to those countries will no doubt be orer from now on than in the past. When it is considered that 5%

(O V E R)

Japanese bonds are selling at 45, and City of Tokio 5% at 49 or so, both on a 10% basis or more, one can easily imagine how much the buying power of the people of that country must have been reduced. The financial situation in China is somewhat better on account of small foreign obligations, but yet we all know her resources must be strained to the limit and will not permit any importations except for direst needs.

There was some more moisture in this country and from all reports we receive, conditions in the Southwest are most excellent. This does not thoroughly agree with some opinions that have been expressed as to the outlook in Oklahoma, but we gather our information from grain dealers all over the state, who are very much interested in the outcome, who have a good deal of experience, and who have been more often right than wrong in the past.

Primary receipts were quite substantial, being 514,000 bu compared with 424,000 bu last week, and 242,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a decrease of 626,000 bu.

At the close our May future was unchanged, and the July was 1/4¢ per bu higher.

Corn receipts continue to be very heavy, primaries being 1,327,000 bu today versus 910,000 bu a week ago, and 242,000 bu same period last year. The export demand is not as active as it was, We believe it will be difficult to sustain values as long as the heavy movement continues.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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141 W. JACKSON BLVD.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO April 29, 1938.

Whatever strength there was in our market today (and there as not much at any time) was in sympathy with higher prices on old-rop futures at Winnipeg. The Winnipeg May closed at $1.19 3/8, bout 40 1/4¢ over our Chicago May, and July wheat 31¢ above ours. his situation has been brought about due to the very short crop in anada, and in spite of the fact that that country exported probably ess wheat and flour than in any season during the last ten years, upplies at present are very moderate. Total exports of wheat and our amounted to only 72,083,000 bu. Inasmuch as Canada is com-eting with us more or less as an exporter and as any great changes Winnipeg have a sentimental effect here, it is worth while to tudy their present situation, in order to arrive at the proper onclusion as to whether from now on the actions of Winnipeg old crop utures are likely to affect us favorably or unfavorably.

According to the latest reports of Sanford Evans, farmers' oldings on April 22nd, should not have been more than five million u. However, we are inclined to believe the crop must have been nderestimated and the amount back on farms must be very much larger, s during the week ended April 23rd, farmers' sales amounted to 109,000 bu, and if anything like this rate can be maintained, there ould not be a bushel left in five weeks. As a matter of fact, ere are still fourteen weeks to go until August 1st. There is ways some wheat left on the farm and there is usually a fair move-nt after seeding time.

Canadian exports of late have dwindled considerably, and last eek they amounted to only 658,000 bu; the week before, 607,000 bu; e previous week, 899,000 bu, and while they will probably increase th the opening of navigation, we must assume that on account of e great price difference, the new transactions will be on a very mited scale.

Total stocks at the present time, including five million bu stimated on farms, are 48,481,000 bu; and 39 million bu less than st season. It seems this quantity, in addition to mill stocks, ould be sufficient for all needs the balance of the crop year, but ll not leave a very large carryover, in view of the fact that these gures also include large quantities of durum wheat which is not liverable on contracts. The amount of contract grades available r deliveries will be only moderate, but we believe the high price evailing discounts this fully.

Cables were reasonably strong, futures at Liverpool advancing 4 to 3/4¢ a bu. In spite of this comparative strength foreigners re not particularly active buyers of wheat either here or in nada early, but on the decline a total of possibly 800,000 bu of sh wheat was reported sold. Europe is still watching the drought nditions existing in northern Italy, feeling confident that country ll have to be a very much larger importer the coming season than st. There is also lack of moisture at present in England, France, d Switzerland, but these countries as a rule do not suffer from ought as much as our western states, although naturally they cannot ise anything without moisture and rainfall during the next two weeks uld be very desirable. The fact that English authorities are show-g a desire to lay in larger stocks of wheat or flour for war re-rves, doesnot seem to be an important factor at present. In an dinary year, the United Kingdom must import between 210 to 220 mil-on bu. Their ordinary reserves are usually sufficient for several nths, but with the new crop now coming in sight, this addition sily would furnish four months' supplies by the time the home crop being harvested. We doubt whether they will lay in reserves for re than six months' supplies, so that in any case England will prob-ly not buy more than 25 or 50 million bu in excess of what she would ve purchased anyway. Such a quantity would not be important, pro-ded the present good crop prospects in North America are realized.

(O V E R)

A great many traders had worried recently about the Oklahoma rust reports which were made by a professor of the Agricultural College in that state. We, ourselves were not very much alarmed because our friends in the grain business could not confirm such reports. Therefore, we are very glad to hear of a correction that was made by them: namely, that instead of 35 to 40% damage, it is now claimed the report should have read 35 to 40% infestation. Therefore, we continue to maintain our theory --so long as there is sufficient moisture all the other small ailments will never make a short crop of what otherwise would be a large one.

Primary receipts continue to be large, 583,000 bu compared with 492,000 bu a week ago, and 310,000 bu a year ago.

Trade was moderate, fluctuations also being limited, and at the close, May wheat showed a decline of 1 7/8¢ per bu, and July 1 5/8¢.

The corn market showed a firm undertone at times, but with the weakness in wheat it could not hold its early advances. There is some export business going on right along, but the heavy receipts overshadow everything else, primaries being today 1,334,000 bu compared with 1,096,000 bu a week ago, and only 188,000 a year ago.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO April 30, 1938.

Liverpool cables closed 1 1/4¢ per bu lower than the previous session; they were largely influenced by yesterday's weakness in our market, and continued favorable crop reports which are being sent over from here. The foreign cash demand was light today, but this is not unusual for a Saturday. There were bids in the market for Gulf wheat, but they were below sellers' views, as far as we could hear.

The weather here continues to be favorable; therefore, it was not surprising that reports which were given out by two commission houses who have experts investigating crop conditions, were rather optimistic. One estimated the production of winter wheat at 719 million bu, and the other at 755 million bu. We are inclined to believe from our own reports that it is more likely that the higher estimate will finally prove to be nearer correct, assuming always that weather conditions from now on will be somewhat near normal. This would compare with the April 1st government report of 725 million bu. Bennett's report, which is more optimistic than Shields, gives Texas 45,272,000 bu, or about 5 1/2 million bu more than the government predicted. Therefore, we feel justified that we did not become alarmed over some of the pessimistic statements which have been coming from Texas right along to the effect that enormous damage was done on account of frost. This report also estimates Kansas is likely to yield 184,249,000 bu, and is about 10 million bu more than the April 1st official estimate.

There was another report out, however, on Kansas as follows:

> "Rail head sees prospect of record Kansas wheat crop. S. T. Bledsoe, President and Chairman of the Atchison, Topeka and Santa Fe Railway at the annual stockholders meeting said that the most hopeful sign as far as the Santa Fe is concerned is the Kansas wheat crop, which now promises to be one of the largest, if not the largest wheat crop ever produced in Kansas. The Santa Fe is just as vitally interested in the Kansas wheat crop as is the Kansas farmer."

This, of course, appears extremely optimistic, and such results we believe could only be obtained if weather from now on would be as if made to order, because the biggest crop ever raised in Kansas was 251 million bu, in 1931. The last government report was 174 million bu, so there would be a gain of 77 million bu. It is true, the acreage this year is much larger than it was in 1931, but at that time the yield, we believe, finally turned out to be 19 bushels per acre, or so extraordinary that it would be difficult to duplicate it.

In the meantime the open interest in wheat is steadily decreasing, and last night amounted to only 77,146,000 bu, thus showing that the world at large appreciates that conditions are not such at the present time to justify much of a bull market. This is particularly so, as the spring wheat outlook is very favorable also. Van Dusen Harrington Co., under date of April 28th, states, amongst other remarks, that in sharp contrast to the past four years of backward springs and delayed seeding, more favorable weather and soil conditions this season have accomplished their spring work at a much earlier date. Also that the general feeling of optimism prevails in the Northwest over prospects of satisfactory grain crops this year. Northwest farmers have a definite foundation on which to base their hopes of a satisfactory reward for their season's labor. The Bank of Montreal, under date of April 22nd, states that all reports from the Prairie province agree that moisture conditions are generally better than in any spring of this decade. Therefore, at the present time there does not seem to be anything to worry about regarding the wheat crops in North America.

As far as Europe is concerned, weather at the present time is mostly fine and cool, with local showers reported in Germany and Belgium. From Argentina cables stated that it was raining lightly

(OVER)

over most of the territory yesterday, and that the seed bed will be benefited. Of course, it is much too early to make guesses as to what will happen to the crops in the Southern Hemisphere, but acreage in Argentina is likely to be increased.

The long-time weather predictions from the north and central Great Plains indicate occasional showers the first part of the week with generally fair weather during the middle, and showers again near the close, with temperatures mostly near or above normal. This, if it materializes, would be about perfect for the best development.

During the last hour the Winnipeg market became very strong. They will be closed on Monday, and presumably there was quite heavy short covering. This market is very sensitive for the present time on account of the comparatively small stocks. This influenced ours and at the close May wheat showed an advance of 1/4¢ per bu, and July 1/2¢ compared with yesterday.

It is expected that there will be tenders today of between 400 to 500,000 bu of wheat on May contracts, and others, no doubt, will follow during the month.

Primary receipts of wheat today were quite heavy, 677,000 bu versus 516,000 bu last week and 292,000 bu last year.

The corn market weakened somewhat today, receipts having been very heavy, 2,294,000 bu. This included 880,000 bu received in Peoria. Last week the receipts had been only 1,091,000 bu and last year 227,000 bu.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO May 2, 1938

Weather conditions for the wheat crop since Saturday seem to have been favorable, both in North America and in Europe. Moderate to copious rains have been general over the Canadian provinces and our Northwest; there have also been showers over Nebraska and northeastern Kansas, while fair weather prevailed over the eastern sections. However, the Central States are likely to have showers late tonight or Tuesday, with normal temperatures existing practically everywhere. London also reports precipitation in France, Belgium, East England and Southern Italy, with expectations that these rains may spread eastward. Local rains are reported in Russia but generally speaking, the weather there is fine and warm. Under the circumstances, we must assume that previous prospects are at least maintained, if not further improved.

Liverpool cables were rather indifferent, declining 1/8¢ on the current future, and advancing 1/2¢ on the more distant ones. They were largely influenced by the heavy world shipments amounting to 12,609,000 bu compared with 10,387,000 bu. This is very exceptional this season that importations exceed those of 1937, similar period, and may be due to heavier takings by the United Kingdom. As we know, and it was admitted in Parliament, purchases were made for reserves in case of war, and this also likely accounts for the heavy clearances from North America, which amount to 4,119,000 bu versus 2,913,000 bu last year. We assume that the largest part of these clearances came from the United States, as the Canadian prices are so far out of line that it is not probable they havemade very large contributions. Australia also was an outstanding factor, shipping in one week 5,476,000 bu, with only 1,113,000 bu last year having been shipped. Owing to these heavier shipments, the amount on passage increased about 2,600,000 bu and is now 41,992,000 bu compared with 51,032,000 bu a year ago.

Under these circumstances, and European merchants and millers being fully aware of the fine crop outlook in this country, there was no particular interest shown in cash wheat for export today, although we think a moderate business was consummated from the United States and believe this will continue at least until Canada again becomes a sharp competitor.

The total open interest decreased 2,572,000 bu on Saturday, and open contracts in May wheat were reduced 3,244,000 bu, and have now been reduced to 18,708,000 bu. Total open interest of all futures is 74,574,000 bu, which must be considered as very small in comparison with many previous seasons, and shows an extremely small speculative interest in this cereal.

Primary receipts of wheat were rather large today, amounting to 862,000 bu compared with 703,000 bu last w eek and only 527,000 bu last year. Evidently export and domestic demand were sufficient to absorb this larger movement, and the visible supply showed another large decrease, 3,181,000 bu versus 2,567,000 bu last year. It now amounts to 39,462,000 bu, and is 16,190,000 bu larger than last season same period.

Tomorrow we expect that a number of private experts will give us their estimates on the winter wheat crop. From all the information we gather we cannot see how they can possibly be anything but optimistic. The trade in general is anticipating this already, so we do not think that when the actual figures are known that they will be much of a market factor, unless there should be great surprises, which is unlikely.

(OVER)

We are still about 1 1/2 months from the period when we may expect the first signs of a movement of new wheat, and then it will take some time until it will become general. We are, therefore, still more than six weeks away from the period when hedging sales will have to be absorbed in ever-increasing volume. Until that time there will be no additional actual pressure, except to the extent that coming events are usually anticipated. It is difficult at present, with so much wheat in sight for the coming season, to advocate the purchase of wheat as an investment, and believe that we shall gradually see still lower prices. While this is unfortunate in one way, yet we believe that the average farmer prefers large yields, even though the price should be less. As far as many other interests are concerned, it will prove to be of great benefit. The railroads in the grain territory are very optimistic that their revenues will rise with a larger wheat movement; steamship companies will do more business; so will the owners of warehouses derive benefits, as well as the middleman and country elevators, who will have opportunities this season of storing larger quantities, thereby paying expenses, while they had no such opportunities for several years.

At the close May wheat showed a decline of 3/8¢ per bu and July 1 3/8¢ compared with Saturday. May wheat was comparatively strong, shorts covering when they found that the liquidation which was expected was only of very moderate volume. However, there were tenders for delivery of 235,000 bu.

Corn receipts continue to be heavy, 1,526,000 bu against only 411,000 bu last year. Export demand was only moderate, and while this heavy movement continues, it is bound to have a depressing effect on prices. The visible supply remains large, although it decreased 2,111,000 bu this week; it now amounts to 37,897,000 bu, while a year ago it was only 5,575,000 bu at all reporting points.

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CHICAGO MERCANTILE EX.

CHICAGO May 3, 1938.

The average private estimate indicates a winter wheat production of 743 million bu. Our guess would be that the next government report will not vary much from this figure and for the present, we base our calculations on the future value of wheat on same. The acreage for spring wheat is approximately 22 million acres. We believe the abandonment this year on account of excellent soil conditions will be comparatively small, but assuming it should be about 2 million acres, it would then leave 20 million acres to be harvested which could easily produce 12 1/2 bushels per acre, or 250 million bu. Of course, at this time of year, one can only talk of probabilities or possibilities, but the bull in wheat must at least be prepared for the fact that we might possibly raise close to one billion bu of combined spring and winter wheat.

Our normal consumption is about 670 to 675 million bu, but if the acreage next year should be reduced to 62 million acres, there would be a saving for seed of about 25 million bu, and only 650 million would be needed for all purposes for home consumption. This would then leave nearly 350 million bu in excess of domestic requirements, and allowing 100 million bu for export and possible errors, we would increase our carryover on July 1, 1939, about 250 million bu, so we might have close to 450 million bu available then, including this year's carryover of about 190 to 200 million bu. This, we think would be more than ever before --even more than during the Farm Board years --to carry into a future crop. To show the size of the probable present crop, should it not deteriorate further, we give by way of comparison, the winter wheat crops harvested during the 10 preceding years:

1928	579,066,000 bu
1929	586,239,000
1930	633,605,000
1931	820,553,000
1932	491,795,000
1933	376,518,000
1934	437,963,000
1935	465,319,000
1936	519,874,000
1937	685,102,000

It would be exceeded only once by the large crop of 1931, but it would be almost twice the size of the 1933 crop and would compare very favorably with those of other years. The estimates today had no particular effect on the market, as they were fully anticipated, and about what was expected; in fact, after a moderate early decline the market improved considerably. This was largely due to the great strength in May wheat. It seems that while deliveries so far have been quite heavy and probably larger than had been anticipated, deliveries it appears landed largely with one firm. So far very little was redelivered, and thereby a temporary tightness developed. This can only be relieved either if longs should continue to liquidate, or if further tenders should be made during the month. We believe this latter might be quite likely as we have not changed our opinion that finally very few of the owners of cash wheat will be inclined to carry the stocks into the next crop, and at one price or another they likely will be willing to liquidate their holdings, unless they can sell the cash wheat in the meantime.

Yesterday the open interest in May wheat declined 2,402,000 bu, and has been reduced to 16,306,000 bu. Total open interest in all futures also declined --1,408,000 bu and is now 73,166,000 bu.

Liverpool futures showed a decline of 3/4¢ to 1¢ per bu, but at the present time they are influenced so much by reports which are being received from here, and as they follow our futures so closely, in all probability there will be a firmer market abroad tomorrow.

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In the meantime new cash business was very limited, and not many export bids were in sight.

European crop prospects continue to be mixed. The seeding of spring grain is making better progress in Russia, but still the area seeded is behind that of last year; there are very few complaints, however, from the winter grain sections. The Balkan countries have had scattered rains, and the outlook is reported to be satisfactory. The same can be said of Hungary. Italy is still without important rains in the northern part, and prospects there are very poor. Rains during the past week have improved the seed bed for the new crop in Argentina, but Australia still complains about lack of subsoil moisture, and further good soaking rains are wanted.

There have been good rains during the past twenty-four hours over all of the Canadian provinces, and showers have also occurred in portions of the Dakotas, and Southwestern Kansas. The outlook in Canada, which is one of our big competitors, must be very favorable by this time, and we likely will feel this competition considerably next season.

Primary receipts of wheat today were lighter, 488,000 bu, smaller than a year ago when they were 536,000 bu. It is possible, of course, that the steady decline may have had something to do with the slower movement, but we are rather inclined to believe it was just an accident and that receipts will increase again.

At the close our May wheat showed an advance of 1 3/4¢ perbu, and the July 1¢ per bu.

Corn receipts were extremely large --primaries being 1,648,000 bu compared to only 408,000 bu last year. Export business is very small now; therefore, stocks are gradually becoming more or less burdensome. In spite of the great strength in wheat corn showed a decline.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO May 4, 1938.

"Hope springs eternal in the human breast." This applied to the present wheat situation is no novel experience to us. Holders of wheat from the farmer to the processor and consumer are naturally hopeful that their property will increase in value, and we have seen quite frequently that prospects of a big crop at this time of the year are either somewhat discredited or else the hope exists that something will happen before harvest to reduce yields, so that values finally will climb higher. Under these circumstances prospective large yields very seldom have as depressing an effect as the reality, when finally all doubts are removed and the crop actually moves. We believe this year will be no exception, and possibly fluctuations for the next four or six weeks might be very moderate. Later on, of course, if the weight of the new crop movement and the amount of hedges should turn out to be as large as we expect, a lower level of prices would not surprise us a bit.

We had again the most favorable weather conditions in this country that one might wish for. General rain had continued the past 24 hours over Nebraska, Kansas, Oklahoma, South Dakota, Minnesota, Iowa, and Texas, while east of the Mississippi river generally fair weather has prevailed. Temperatures continue below the normal over all sections west of the Mississippi river, and decidedly above over the Central States and eastward. Showers are predicted for Minnesota today and tonight. In the meantime, the Searle Grain Company of Winnipeg claims that conditions for the growing crops in Canada are at this moment better than they have been in any year since 1932, which means somewhat better than the long-time average. We believe, under these circumstances, that an average crop of 17 bu per acre for Canada would not be excessive, and the result would be over 340 million bu on the sown acreage.

In the main, European crops are also getting along very well. We are watching Russia particularly, as that country is likely to be again a moderate exporter if her crops come through all right. At the present time spring seedings are being reported as progressing, with beneficial showers in the Ukraine and central regions of that country. The only country about which we had written so much lately, and which we thought was the worst of all, as far as wheat prospects were concerned, was Italy. Now, the Minister of Agriculture states that long strides have been made throughout Italy towards national self-sufficiency, adding that the first forecast for the coming harvest was satisfactory. This, however, we do not take too seriously, and think it is probably more or less of a political speech. Nevertheless, it is possible that previous fears, which were expressed regarding the Italian crop, may have been exaggerated, because we cannot find that any efforts are being made to purchase old or new wheat, which certainly would be wanted in case of short crops. In fact, the cash wheat demand was very light everywhere, England particularly holding off in view of the very favorable reports she is receiving from here; but the Continent seems to be in need of wheat, and some hard gulf wheat has been worked overnight.

Liverpool wheat cables were unchanged on their futures. It was rather disappointing here that they entirely ignored our strength of yesterday when our futures had reached new low levels early and gained considerably later.

Our May wheat still is traded in at a considerable premium over July. The open interest decreased yesterday 1,320,000 bu and at the close last night was 14,986,000 bu. Actual stocks of #2 red winter wheat in Federal and State elevators in deliverable positions increased last week 579,000 bu, and now amount to 1,665,000 bu. There is also some one hard and two hard wheat available in case of an emergency, but the premiums for this wheat are so high that it is not likely any will be delivered; the chances are it will all be merchandised. As near as we can learn, the demand for #2 red is rather indifferent, but, of course, there is always the possibility that this might change.

In the meantime there seem to be no great efforts made on part of the principal longs to liquidate, nor are the shorts or hedgers very anxious to change their engagements. Actual receipts of wheat from the country are very light, and it is difficult to tell how much more of the wheat now stored in private elevators is good enough for delivery. The total quantity of wheat in Chicago is still quite large, 7,320,000 bu in elevators, and 442,000 bu afloat. The latter we presume will disappear and be shipped East. This compares with 3,592,000 bu in elevators last year.

Primary receipts of wheat today were very moderate, 537,000 bu compared with 418,000 bu last week and 324,000 bu last year.

At the close the May wheat was unchanged, and the July 1/8¢ per bu higher compared with yesterday.

The French franc suffered another decline today to the lowest point in the recent movement. It seems that negotiations are going on between the French Cabinet Ministers, and our Secretary of the Treasury, as they are both very much interested that the tripartite agreement should continue to function. When it is considered that the present paper franc would buy less than one-tenth the amount of gold than it did prior to the war, one can easily see how French capitalists must suffer, and what unrest is likely to follow if the economic conditions will not permit of a more stable adjustment, so that all fears of a debacle will be removed. For the present this part of the international situation has no effect on wheat here, as France is still reasonably independent, and practically self-sustaining.

There was a big export business reported in corn overnight, probably over one million bu had been worked. In view of the great strength in Argentina, Buenos Aires May corn selling at 69¢ per bu, the business is bound to continue. As an offset, however, are the heavy primary receipts today, 1,177,000 bu versus only 331,000 bu last year.

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CHICAGO MERCANTILE EX.

CHICAGO May 5, 1938.

The French franc has been devalued again, and the present value is about 36 francs to the dollar. Hoarding of gold has always been permitted in France. If a Frenchman had hoarded $100 in gold since before the war he would receive at the present time the equivalent of about 6120 paper francs. He could have purchased for 500 francs $100 worth of gold. Consequently, the depreciation of the currency amounts to almost 88 per cent. This last move, however, was more or less expected, and as the total depreciation came about so gradually during the last 24 years the blow was not as severely felt as would have otherwise been the case, adjustments having been possible from time to time. A statement by Sir John Simon, Chancellor of the British Exchequer, to the effect that there will be no adjustment of sterling exchange, prevented the French action from having any international effect. It is not expected that the parity between London and New York will be changed at all, and in fact, no appreciable fluctuation took place overnight. For the present, this must be considered as an entirely local affair, particularly as it was all done in harmony and after consultation with the various members of the tripartite agreement.

So far as it being an influence on wheat prices either in one direction or the other, we cannot forecast that it will make any difference, and probably in a very few days it will all be forgotten. With our large holdings of gold in this country, and the large world production, it is not likely that the content of the gold dollar will be further reduced in the near future. This would only bring about another increase in production and greater accumulations which are not wanted.

Liverpool cables were weak, futures there closing at a decline of 1/4¢ per bu; therefore, absolutely ignoring our yesterday's strength. They were probably largely influenced by the good rains which had been received in Italy, where crops have been benefited. However, in many districts additional moisture is needed, but for the present deterioration has been checked over large areas. Otherwise we feel that European conditions in general are up to average. They are very good in some countries, such as Rumania, for instance, but on the other hand Algeria reports that the drought is still unbroken, and a small crop there is considered inevitable. In Russia, the spring wheat sowing is behind compared with last year, but generally speaking, the weather in Europe appears mostly sunny and somewhat cool.

In the meantime foreign buyers are impressed with the idea that crop prospects in this country are better than in recent years, and that they will be able to buy the new wheat at lower values. In fact, as far as gulf premiums are concerned, offerings are being made daily now for August and September shipment at considerable reductions compared with prices asked at present. This is probably the reason for the smaller cash business which is being consummated now, and the export demand seems to have been very slow, although a few loads of Canadian wheat, as well as some gulf wheat, have been worked. Nevertheless, it seems to us that Europe cannot wait too long before replenishing her stocks as this week's shipments so far have been as reported very light. Black sea clearances were only 472,000 bu, including 200,000 bu from south Russia, while a year ago they were 2,640,000 bu. Argentine cleared 1,580,000 bu versus 1,689,000 bu same period in 1937.

The weather in this country continues to be satisfactory, with showers, moderate to heavy, having occurred during the past 24 hours over Minnesota, Iowa, Kansas, Missouri, Illinois, Indiana, and Ohio. Temperatures remain cool for the season over all the western areas, but continue warm over the extreme eastern states. We can only repeat that at the present time prospects for the 1938 crop are much better than they have been for many years, and considering the large acreage total yields ought to be very heavy.

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However, the trade in general does not accept as yet present promises as an actual fact, fearing that insects, rust damage, and other troubles are still a possibility before the wheat crop will be finally harvested. It is this uncertainty which prevents sharp fluctuations at this time, but every week which now passes without great deterioration will make it safer to anticipate a very favorable outcome. This, particularly so, as the northwestern Pacific coast is also reporting excellent prospects with sufficient subsoil moisture and good growing conditions. Also farmers in the spring wheat states are very hopeful. Moisture conditions as a rule are quite favorable.

The volume of trade is still rather light; the total turnover in wheat yesterday was only 15,830,000 bu. The open contracts in May wheat had been reduced 449,000 bu. Tenders on contracts yesterday were only 90,000 bu, and it seems that both longs and shorts in May wheat are still on the fence, but the actual demand for #2 red wheat does not seem to be very urgent.

Primary receipts today were 544,000 bu compared with 172,000 bu last year. Stocks at Kansas City and Minneapolis so far this week have decreased 640,000 bu, indicating another fair-sized decrease in the visible supply on Monday.

At the close the May wheat showed a decline for the day of 3/4¢ per bu, and the July 3/8¢.

Primary receipts of corn remain extremely heavy, today's being 1,540,000 bu against 1,327,000 bu last week, and only 383,000 bu a year ago. Nevertheless the market held its own, the feeling being that as long as Argentina is so much higher than we are there will be a continued good export business.

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CHICAGO May 6, 1938.

There was a little apprehension yesterday that possibly temperatures in western Nebraska might go low enough to cause some frost. However, this did not materialize. Temperatures in that part of the country are still low, and the same fear exists, but the wheat in western Nebraska is not very far advanced, and unless frost should be very serious we do not believe any appreciable damage would come of it. However, even the mention of this word at this time of the year scares the trade as a rule; therefore, the weather map is watched very closely.

Liverpool wheat cables were weak again, futures declining 1/2 to 7/8¢ per bu. Broomhall mentions that it is expected the Australian acreage might be reduced 1 1/2 million acres compared with last year, and should this be the case, there would be less wheat planted than the average for the last five years. However, European crops seem to be making normal progress, and we still believe that the prospects are now such that we need not look for any great increase in the export demand next season; possibly 50 to 75 million bu extra might be wanted, provided England is determined to lay in larger reserves, and also should Italy be able to finance purchases of imported wheat to a larger extent than this year. Australian shipments were heavier, being 3,948,000 bu versus 2,233,000 bu last year, although they were considerably smaller than last week, when 5,476,000 bu were cleared.

The export demand overnight was very poor, and same is very badly needed now, as the primary movement continues on a very fair scale. Primary receipts of wheat today were 731,000 bu against 583,000 bu last week, and only 251,000 bu last year. Stocks at Kansas, City and Minneapolis decreased 808,000 bu, indicating another fair-sized decrease in the visible supply, but we do not expect that it will be anywhere as big as last season, same period, when the decrease was 2,655,000 bu.

Altogether, unless there should be deterioration in several of the large wheat raising countries, the outlook, as far as the price level is concerned, does not look very encouraging to us. This past season has revealed the fundamental weakness in the wheat position, because despite a crop failure in Canada and a very poor harvest in Argentina, world stocks have increased for the first time in about four years. Import requirements during the current season were estimated between 500 to 520 million bu, while the export countries on the other hand have raised a new crop surplus of about 640 million bu, giving an increase of 120 million bu. While this is not very substantial, nor will the total stocks be at all large on August 1st, when the season ends, yet, when we look a couple of months ahead with the probability of good prospects in this country, with Canada possibly raising more wheat this season, also Argentina, both of which had such poor crops last year, the present price may not yet have fully discounted this new condition.

The volume of trade remains rather light, the total turnover in all wheat futures having been only 13,720,000 bu. The open interest in May wheat was reduced 521,000 bu, and is still 14,016,000 bu. Tenders on May wheat yesterday after the close were 125,000 bu.

At the present time it is generally assumed that the outlook is for a very early harvest this year, but frequently we have seen great changes after that, and it is too early to predict when we may expect a free movement. There was one year way back when we were instrumental in bringing a car of new wheat to Chicago to arrive here the end of May. In order to accomplish this we had to induce the railroad company to give it almost passenger service, and the transportation of this wheat did not take more than 36 hours. However, it took two weeks more until the movement really started, even in that territory, in commercial quantities.

The continued weakness in Winnipeg May wheat has at times had a depressing effect here, but yet fluctuations were very small, and at the close May and July wheat had advanced for the day 1/8¢ per bu.

Corn is still King in this market, and primary receipts today were very heavy again, 1,393,000 bu compared with 1,334,000 bu last week, and 416,000 bu last year. Corn receipts at Chicago during the month of April amounted to almost 14 million bu, and were the largest of any April in the history of the exchange. Export business, however, has been big in the meantime, and despite the heaviest movement ever had here, prices were very well sustained. There is no sign yet that the importing world this year can get along without American corn, and we expect steady exportations right along.

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CHICAGO MERCANTILE EX.

CHICAGO May 7, 1938

There were quite a few factors of interest to grain traders this morning. The first general crop report issued by the Winnipeg Free Press described conditions as about the best in ten years. They claimed that at no points in the three Prarie Provinces were there complaints of insufficient moisture for germination of the seed, and at 183 of the 337 stations reporting, subsoil moisture was good.

Despite this, Liverpool quotations were rather strong, following many sessions of weakness, and at the last they showed advances ranging from 1¢ to 1 3/8¢ per bu. Broomhall claimed that this was a reflection of advances in North America, and we presume that he had in mind particularly Winnipeg May wheat, which had a sharp recovery yesterday. There had also been definite indications of a better Continental demand in the near future, although from our own advices we heard of very little new business.

When the reports came in from the Southwest, it was found that moisture had been quite general, and in most places more than had been looked for yesterday by map readers. All of this news would ordinarily have created a rather bearish feeling, but the fact that temperatures in western Kansas were rather low, with Garden City reporting 34 degrees this morning and Goodland as low as 28 degrees, overshadowed other events. It was a fact, however, that at the three stations: namely, Garden City, Goodland and Norton, where lowest temperatures occurred, good moisture had accompanied the low thermometer readings; therefore, with as much as three inches of snow at Goodland, we have our doubts as to whether the actual damage will be very severe.

First quotations here were somewhat higher, but when the official weather forecast was for frost in the Panhandle of Texas, a light frost in the northwestern part of Oklahoma and possibly freezing temperatures in parts of Kansas and Nebraska, the trade showed greater apprehension and some short covering took place. From our past experience we have observed frost as late as May 26, without a great deal of harm being done; therefore, we sit rather quietly on the sidelines watching immediate developments, particularly as rising temperatures are likely after tomorrow. We also have in mind the enormous acreage planted this year, so that a certain amount of damage will neither scare nor fool us until we have more complete reports. Our Kansas City people were in touch with several places in western Kansas, and nobody seemed much worried about the frost up to the present time. Should Canada come through with a good crop this year, it will mean competition for us, and even the past year with one of the poorest crops ever raised in Canada and a failure in the Argentine, our export trade has not been too active.

The adjusted figure since July 1 is 73,282,000 bu with about eight weeks to go until we have another crop. On this basis it does not look as though the early figure of 90 million bu for the season would be exceeded; and this has only been possible with our prices having been kept in line with competition. It is interesting to note that since August 1, world shipments to Europe have been 62 million bu smaller than last year, while those to ex-Europe are about 20 million less. In the latter it should be remembered that last year the United States had imported 27 1/2 million bu of wheat to-date, most of it, of course, coming from Canada.

Primary receipts of wheat today were just moderate, 496,000 bu, and this compares with 238,000 bu last year. Stocks at Kansas City and Minneapolis show a decrease of 972,000 bu, indicating another shrinkage in the visible supply on Monday, although undoubtedly smaller than it was at the corresponding period last year.

At the last May wheat showed an advance of 1¢ per bu, with July 7/8¢ higher. This was not a particularly good showing, in view of the frost, but probably indicates that no one is overly concerned at this period. Trade is still very light and the open interest yesterday declined 321,000 bu, with open commitments slightly in excess of 73 million bu. We feel that it is difficult to get much public participation in the market on the bull side, unless there is a decided change in the news.

Corn was steady, mostly in sympathy with higher wheat prices. Not much export demand was reported.

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CHICAGO May 9, 1938.

A carryover of approximately 128 million bu used to be considered as average, but this season has demonstrated that even a carryover of about 190 million bu, which we expect to have on July, 1st can easily be absorbed. We raised a very large crop this past year, yet there never was a time when prices were unduly depressed compared to what we have seen in former times. This, despite the fact that we had a great recession in business, which always gives an extra knock to all commodities. Next year the question will be how much more of a surplus can we stand without great detriment to the price level. At the present time we tentatively figure that the combined winter and spring wheat crops might be 950 million bu. (Of course, this may all have to be changed, depending on weather conditions from now on.) Adding to that 190 million bu carryover, would give us 1,140 million bu. Next year's consumption, with much smaller requirements for seed, might be only 650 million bu, and figuring exports might be about 90 million bu or less, would make total requirements of 740 million bu. Therefore, a carryover on July 1st, 1939, of about 400 million bu is possible. This quantity we believe would cause prices to decline very sharply, all of which is thoroughly appreciated by the Secretary of Agriculture. Consequently great efforts will be made to ease the burden and make loans to the farmer.

On how much of his crop the farmer will borrow cannot even be guessed until more is known about conditions under which these loans will be made. Most important, naturally, will be the price. Another influence will be other conditions which will be imposed upon the borrower. As far as we know he will be compelled to obligate himself to accept his proportion of the restrictions which will take place on next year's sowings. Should the farmer be asked to reduce his acreage very materially, he will be less inclined to borrow than otherwise. At this time the generally accepted theory is that the loaning price might be 60¢ on the farm, but there is nothing official about it yet, and it might be changed considerably. Should the price level at terminal markets be anywhere near the present price, we doubt if many farmers would wish to borrow, as they do not seem to have taken much advantage of the loaning price on corn. So far we believe that less than 2 per cent of the corn raised has been pledged under government loans. In cotton the situation is entirely different. So far we believe that the government agencies either own outright from previous crops, or have made loans up to date, on about 7 1/2 million bales of cotton. This quantity may be increased before another season starts, and possibly a quantity equal to half of this year's extraordinarily large crop may be more or less taken out of the market by government agencies.

The weather map was watched very closely today, as frosts had been predicted for some parts of the Southwest and they materialized. However, only a moderate portion of the winter wheat belt seems to have been visited with this freezing weather, and mostly in the northwestern part of the State of Kansas, where the wheat is not as far advanced as to cause any great alarm. We have received a great many reports from the various places where temperatures have been the lowest, and their conclusions are that while possibly in some of the lowlands damage may have occurred, in all probability losses will be unimportant. We assume they will not cut much of a figure, so that estimates on the total yields will have to be materially changed.

This must have been the consensus, as the wheat market actually declined and was particularly weak in Kansas City, the market nearest the scene where the frosts took place.

Europe also was influenced early by the fear of frost in this country, but European crop prospects seem to be improving, and this was an offset. Good rains were received in France during the past week in the northern sections and had materially improved the appearance of cereals. Wheat prospects in that country as a whole are reported as fairly satisfactory. There were also good showers received in Rumania, where crop prospects are well maintained. At the

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close Liverpool futures showed a decline of 1/2 to 1¢ per bu.

World grain exports were about equal to a week's consumption, amounting to 10,059,000 bu, and approximately the same as last year when they were 10,195,000 bu. The amount on passage increased very heavily during the week, now being 44,544,000bu versus 41,992,000 bu last week, and 48,824,000 bu last year.

Export business was extremely quiet, although a little business in domestic hard winter wheat for export was reported. Hopes are still freely expressed that Europe will shortly resume buying wheat again on a larger scale, but our available supplies are sufficiently plentiful for European needs.

Trade is very quiet at the moment, but tomorrow after the close of the session the Agricultural Department at Washington will give an estimate on the winter wheat crop. The generally accepted theory is that it may show close to 750 million bu, and any great variation would influence the market accordingly. Should the estimate be much higher, it would be considered extremely bearish, the same as a great reduction from this figure would be very helpful to the price.

Primary receipts of wheat continue to be quite heavy for this time of the year, 747,000 bu compared with 862,000 last week and only 429,000 bu last year. The visible supply showed a decrease of 2,158,000 bu, which is smaller than a year ago when the reduction was 2,655,000 bu. The total amount at terminal elevators is now 37,304,000 bu, which is 16,687,000 bu more than last year. Stocks in Chicago decreased during the week 341,000 bu, and now amount to 7,421,000 bu. This is a fair-sized quantity, considering that May wheat maintains its premium over July. However, there are still open contracts in that future of 13,302,000 bu, which have to be adjusted sometime this month, and the decrease last Saturday was only 203,000 bu.

At the close May wheat showed a decline of 3/4¢ per bu, and the July 1 1/8¢ per bu compared with Saturday.

The corn movement is still very heavy, and primary receipts today amounted to 1,165,000 bu; while smaller than last week it is still a large quantity to handle on days when the export business, like today, was not very brisk. The corn visible supply decreased 308,000 bu, but is still very large, 37,589,000 bu compared with the small quantity last year of only 5,189,000 bu.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO May 10, 1938.

Trading in wheat is generally very light just before issuance f a government report, as surprises are feared. However, we assume hat this is not likely to be the case today, and rather believe the rop estimate will be very close to the figures given by the private xperts, the average of which was 743 million bu. However, we shall eceive the first official statement on the abandoned acreage, so e shall know more definitely what the actual standing acreage will e. Since the reports were collected, we believe weather generally as been favorable, as there was plenty of moisture, although there as some freezing weather in some parts of the Southwest where damage ight have been done, but in the main, we think the benefits from avorable weather will more than offset any harm which might have een caused by severe temperatures.

Foreign markets are fully prepared for a bearish report; in fact, e think unless the estimate is raised considerably above the private nes, a large winter wheat crop has been fully discounted for the resent; but possibly not sufficiently so when the new wheat starts oving and when, in addition, the crop prospects should remain favorble, both in our spring wheat territory, as well as in Canada. resent conditions in the Northwest are all that could be desired.

In Canada, with a somewhat reduced acreage, the prospects are till good for one of the best yields in ten years, the moisture being xtremely favorable, but, of course, much could happen to the spring heat crops in both countries should adverse weather set in.

In the meantime, cash business for export remains very poor. xports of Canadian wheat and flour together during the month of pril amounted to only 2,447,000 bu, and we believe we would have to o back many years when Canada exported such small amounts. Overight business was very small, both in gulf wheats and in Canadian arieties, although a little Canadian durum wheat seems to have been orked. There is some prospect this coming season that world importaions will be larger than recently, as there will be a general tendency on part of various countries to lay in reserves for war contingencies. There are rumors that the Netherlands Government is lanning to accumulate grain stocks for emergencies and a quantity f about five million bu is mentioned, which would be about one-fourth ear's import requirements. As an official statement was made recently in Parliament that it is England's intention to do likewise, e assume other countries will follow suit.

Yesterday's volume of trading in all wheat futures was only a rifle over ten million bu, but was probably somewhat larger today s trade expanded late in the session when selling orders forced ctive futures to near the season's low point. The May future has een holding relatively firm, and the open interest in same is still ery large, the amount last night being 13,095,000 bu, and was reduced esterday by only 207,000 bu. However, we cannot discover any scarcity of #2 red wheat, nor is there a good demand for it. Stocks in federally-licensed elevators of #2 red wheat amount to 1,545,000 bu, and in public elevators, 219,000 bu, making a total of 1,764,000 bu vailable for delivery on May contracts. The quantity a week ago was 1,665,000 bu. There was some wheat shipped out in the meantime, but ore evidently accumulated in public elevators.

In the meantime, weather has been quite satisfactory. Generally air weather has prevailed the past 24 hours over all states, with ight showers in Montana. The temperature continues below the normal ver all sections of the entire district, with no extremes. The rospects are for unimportant changes, but with a slight upward endency.

Primary receipts are only moderate --404,000 bu compared with 488,000 bu last week, and 218,000 last year. Stocks at Kansas City and Minneapolis so far this week show a decrease of 208,000 bu.

At the close May wheat was 3/4¢ per bu lower, and the July 1/2¢.

Corn receipts remain quite large, 1,244,000 bu versus 1,648,000 he previous week, and 355,000 bu a year ago. Export business at the oment is rather light in consequence of which our market is sagging a little.

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CHICAGO May 11, 1938.

After the close of yesterday's session, the Washington crop report was given to the trade and estimated the winter wheat crop at 754,153,000 bu. The abandonment of acreage was 11.6%, and the average yield on the standing acreage 14.9 bu. While this was a trifle larger than the private estimates, it caused no great surprise to the trade, having been anticipated. Should final yields be about as expected, it would be the third largest winter wheat crop. The largest one ever raised was in 1931 --821 million bu, and the second largest in 1919 --760 million bu. In both cases, the May report varied greatly from final results. The May report in 1919 indicated a crop of 899,915,000 bu, and the final results were 140 million bu less. On the contrary, in 1931, the May report indicated a crop of 653 million bu, and yields were 168 million bu more, thus showing there is at least the possibility that great changes do take place after the May report is made public.

However, the 1919 crop started with such a glowing promise that it was a foregone conclusion that it would not be maintained; abandonment of acreage had been only three-fourths of one per cent, and the yield was estimated at 18.4 bu per acre, while this year it is only 14.9 bu. Nevertheless, we point this out to show how uncertain the future is; the trade assumes correctly that chickens cannot be counted until they are hatched. Even though many persons share our opinion that present prices cannot be maintained if crops in general (here and in Europe) should be as large as now forecast, yet in view of possible reductions, the cautious trader awaits developments.

Under these circumstances, Liverpool had only a slight decline, their futures closing 1/8 to 7/8¢ per bu lower than the previous day. Our market also opened reasonably firm and quickly recovered from the sharp decline which took place late yesterday. At present, and until the new crop actually starts to move in commercial quantities, the weather will continue to play an important part in shaping values. Further crop developments will be watched very closely, and with further improvement or deterioration will, for the time being, bring about advances or declines. This, particularly so as a moderate export demand for old wheat continues sufficient in volume to take care of the movement, and for about four to six weeks more we expect further decreases in the visible supply. It may be even longer unless there should be a very early movement.

A few light showers have occurred during the past 24 hours over widely scattered areas, but as a general rule, fair weather prevailed. The temperature continues close to the seasonal, being slightly below over all states, with no extremes anywhere. Indications are for unsettled weather and probably light showers over the Northwest, Central West, and Southwest tonight and Thursday, and we consider these conditions as extremely favorable and all that is wanted for the best development of the crop. The Kansas Weekly Weather and Crop summary is also very favorable and the detailed government report indicates yields for that State of over 192 million bu, which would be a bumper crop, although not the largest ever harvested.

The Canadian crop report was also issued yesterday afternoon, but gives only the acreage without any comments about the progress of the seeding or the outlook. The spring wheat acreage is given as 23,857,000 acres, and is somewhat larger than expected, although about 700,000 acres less than in 1937. However, it is quite likely that the possibilities are for a large crop in view of present soil conditions. The biggest crop ever raised in the Prairie Provinces of Canada was in 1928 on about the same acreage as they have now, when the average yields were 23 1/2 bu per acre, and the final crop 544 million bu. During the last 10 years there were three years when the crop exceeded 400 million bu, and in 1930 it came very close to that with 397 million bu. From 1933 to 1936 inclusive, crops were very small due to lack of moisture and drought, but we could easily imagine

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with this year's acreage an average yield of 15 bu, or 360 million bu would be a possibility, perhaps even a probability.

We believe the export business overnight for United States wheat was only moderate, but there is a latent demand in sight, and we believe before the season is over fully 90 million bu will have been exported.

Primary receipts today were small, 380,000 bu compared with 537,000 bu a week ago, and only 239,000 bu a year ago. Stocks at Kansas City and Minneapolis so far for the week show a decrease of 319,000 bu.

At the close May wheat showed an advance of 1 3/4¢ per bu, and the July 1 3/8¢.

The old crop futures in the Winnipeg market have been losing considerably on Chicago of late, and today again they were comparatively weak, the July being actually lower, while we had advanced. It is quite possible that there has been more or less spreading going on between that market and ours. If any considerable amount of purchases should have been made here against Winnipeg sales it would partly account for the strength here, we believe.

Corn receipts continue to be large --985,000 bu today having been received at primary points compared with 451,000 bu last year, and 1,177,000 bu last week. The export demand continues, and there is hardly a day when some business is not done. Today's sales are estimated at about 400,000bu.

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CHICAGO MERCANTILE EX.

CHICAGO May 12, 1938.

It will take about thirty days more before we can be reasonably sure of the size of the winter wheat crop. Whatever changes take place after that ought not to be important. By that time the development of the spring wheat crop will be watched very closely, as everyone must recognize that the outcome of that crop will be very influential, as far as wheat values are concerned. This will be appreciated more when one considers how yields in the spring wheat territory vary from one year to another.

In the year 1936, only 4 1/2 bu per acre on the seeded acreage were harvested; in 1934, only 4.7 bu per acre, and in the year 1931, 6.7 bu. These were the worst crops in about 18 years. On the other hand, in the year 1928 results were 14.8 bu; in 1927, 15.2 bu; and in 1924, the biggest yields during the last 18 years; they were 15.7 bu per acre. The 10-year average, including the drought years, was 9.3 bu per acre; and the 18-year average, 10.2 bu per acre. It is assumed that the acreage this year will be a little above 22 million acres; consequently, the average yield during the last 18 years would give about 225 million bu. However, we believe that so far good soil conditions, and the fact that wheat was seeded early give promise of a crop above the average.

Considering that last year, when the spring wheat crop had to go through all kinds of trials and troubles, and finally 188 million bu were harvested, we believe that the investor in wheat will have to assume that there is at least a likelihood of a spring wheat crop this year of 225 to 250 million bu. Therefore, taking the last government's estimate on winter wheat, a combined crop of one billion bu is possible. This, with a minimum carryover of 175 million bu, would give us a total of 1,175,000,000 bu, less domestic consumption of 650 million bu. This reduced consumptive estimate is due to the fact that with acreage control smaller amounts will be necessary for seed next season. This would leave us 525 million bu on July 1st, 1939, less the amount which will be exported in the interim, and the maximum is not likely to exceed 100 million bu.

In the meantime, weather conditions during the last 24 hours have again been very favorable. Showers have occurred the past 24 hours over portions of South Dakota, Nebraska, Kansas, Missouri, and Iowa, while over eastern sections mostly fair weather prevailed. The temperature has risen somewhat over western sections, and is somewhat below over the central states. Further rising temperatures are expected in the western sections overnight, and our conclusion would be that under these conditions crops should continue to progress satisfactorily.

There was some talk today that possibly Texas and Oklahoma estimates on part of the government were too optimistic, but even should this be the case, it is quite likely that any reductions there will be made up in other parts of the country, where there are hardly any complaints so far. Nevertheless, our market holds very steady, with the smallest fluctuations possible. At the end of April, July wheat closed at 79¢, and today, after 12 days, many times during the session trades took place at the same price.

This also is not difficult to explain. As far as the old crop is concerned, there is no pressure and not likely to be any for the balance of this season. While probably from 175 to 190 million bu will be carried over into the next season, a large part is still with the farmer, and, therefore, off the market for the present. Another large quantity is held by millers in reserve for future flour sales; the balance is scattered, including a large portion on the Pacific Coast, and the amount of hedged wheat in the visible supply and country elevators is easily taken care of. There seems to be a certain point of resistance at present levels, and every day it seems there are some new buyers to take the place of previous holders who are willing to sell. This, of course, we assume might change considerably as soon as hedging sales come on the market in large volume;

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but this even with an early crop will take sometime before it happens.

Cables were rather indifferent today, and Liverpool July whea advanced only 1/4¢, while October wheat was unchanged. The nearby future, May wheat, advanced 1 1/4¢. This was due to the very small export clearances from various countries so far reported.

Black sea shipments, including 240,000 bu of wheat shipped from South Russia, were only 416,000 bu compared with 1,616,000 bu last year, quite a decrease. Argentine estimated shipments are only 1,102,000 bu against actual clearances of 2,068,000 bu in 1937. We believe, however, that North American shipments will show up quite well, as Gulf ports have cleared quite a good deal of wheat during the week. We think this is our opportunity to dispose of some of our surplus while other countries have no great excess.

European crops seem to be making normal progress, and Broomhall reports that conditions in Russia are mostly favorable for winter and spring wheat crops. He also adds that further rains had been beneficial, although temporarily holding up spring wheat seeding, which has made much better progress recently.

Primary receipts of wheat continue to be fair, 565,000 bu versus 544,000 bu last week and 245,000 bu last year. Stocks at Kansas City and Minneapolis so far this week show adecrease of 434,000 bu, and we, therefore, assume that there will be another decrease in the visible supply on Monday. At the close May wheat showed a decline of 3/8¢ per bu, and July 5/8¢ compared with yesterday.

Primary receipts of corn, although showing some dropping off, seem to be big, 1,180,000 bu compared with 1,540,000 bu last week, and 220,000 bu last year. However, we may look forward to a steady export business, in which case they would not be very burdensome.

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CHICAGO MERCANTILE EX.

CHICAGO May 13, 1938

In the grain business, every year seems to be different, and very seldom do we have the same situation for two years. This coming season it looks as though the outstanding feature would be the enormous crop of winter wheat which is likely to be raised, if the May 1st estimate of the government of 754 million bu should be realized. The result by comparison with the past six years would show as follows:

We would raise	69 million bu more than in	1937
	235	1936
	289	1935
	317	1934
	378	1933
	263	1932

However, yields would be 67 million bu less than the bumper crop of 1931, but that year wheat in December sold in the low 50's. Of course, we appreciate that the winter wheat crop alone will not make the price, many other factors entering into calculations.

The carryover is also important, and this year we shall be starting on July 1st with one above average, but smaller than in some of the depression years. European crops look about average-- possibly a trifle better. The spring wheat outlook is very promising at the present time, but is not yet far enough advanced so that we can be sure of what final yields will be. The same can be said of the Canadian outlook. With favorable weather from now on, we may anticipate a plentiful supply of wheat, and a very heavy movement of winter wheat when harvest is in full swing.

This latter might be modified to some extent by government loans, if the loaning price is attractive, and it is generally assumed it will be about 60¢ on the farms. That price would not be particularly tempting for the farmer, and he might prefer to sell his crop, provided we have no further declines from present values. Those who wish to borrow money from government agencies can only do so with many conditions attached, which might not be to their liking. In any case, if the good crops are realized, while there might be a limit to the decline which might take place, there is also a possible limit to the probable advances.

Liverpool wheat futures were a trifle lower, declining 1/8 to 1/2¢ a bu. They were influenced by the very heavy Australian shipments amounting to 5,252,000 bu compared with only 3,054,000 bu last year. The visible supply there has decreased sharply, being now 43,496,000 bu versus 46,752,000 the previous week and only 35,496,000 bu last year. The new crop outlook there is rather unfavorable, as the recent rains in Victoria and New South Wales are regarded as inadequate and constant showers will be necessary to prevent serious deterioration. In the Argentine, however, growers are very active preparing the soil and seeding new wheat. The general opinion seems to be that the acreage will be somewhat increased. Clearances from the Argentine this week were only 1,018,000 bu against 2,068,000 bu the same period last season.

The first weekly market news crop report from observers in the Prairie Provinces indicates that conditions are the most favorable in a number of years.

Export business had been very light overnight, and only a little Manitoba and a few loads of hard winter wheat were reported sold for export.

Reports from one of the other large producing countries in the world, Russia, are favorable for the winter wheat crops, which are progressing nicely, and showers have been received recently in the winter wheat districts.

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United States wheat exports for the week ending May 7th were 2,114,000 bu, and for the season up to date, close to 6 0 million bu with further flour exports equivalent to about 11 1/2 million bu, or a total of 71 1/2 million bu. So it seems likely that previous estimates of 90 million bu, total exports from the United States thi season, will be about reached.

Weather conditions overnight were again very favorable, and light to moderate showers have occurred during the past 24 hours ove the Dakotas, Kansas, Missouri, Oklahoma and the Texas panhandle. We consider the moisture in parts of Texas as particularly timely, and it ought to be very beneficial. Rising temperatures are expected over western and central sections tonight and Saturday. Under these circumstances, we expect present good prospects will at least be maintained, even further improved.

Owing to these conditions, the wheat market at times was rather weak, but the great strength in May wheat pulled it up, and sympathetically all the new-crop futures recovered, the final close being 7/8¢ higher for the May wheat and 3/8¢ for July compared with yesterday.

The open interest in May wheat decreased 880,000 bu and is now 11,497,000 bu. There were no deliveries today, and practically none for about a week. We should not be surprised that at these premiums there will be deliveries later on of about 500 to 600,000 b which is now held in public elevators and not yet delivered, but evidently the owners look forward to a bigger premium. It is not likely that they will carry this wheat into the next crop, as the domestic demand seems to be very poor, practically no red wheat having been sold overnight. Also it seems to us that it would be difficult to export it to good advantage as it would come into competitio with Australian and Pacific Coast wheat, of which there is plenty.

Primary receipts of wheat today were fair, 570,000 bu compare with 731,000 bu last week and only 254,000 bu last year. Stocks at Kansas City, Duluth and Minneapolis so far decreased 886,000 bu, indicating another decrease in the visible supply, but we doubt whether it will be as much as it was similar period last year, when the decrease amounted to 2,280,000 bu.

The corn market continues to keep strong, and Europe is very much dependent now on American shipments. Last year at this time Argentine cleared 8,264,000 bu, and this week only 1,083,000 bu. We, therefore, have a good chance to do a large export business righ along.

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CHICAGO MERCANTILE EX.

CHICAGO May 14, 1938.

The winter wheat crop so far this season had less trouble, and caused less anxiety than usual. The amount of rainfall, and temperatures were such that everything progressed normally in most states. The only complaints, which came from time to time, were from Texas and Oklahoma. Had it not been for those it would have been very difficult for writers of market letters, crop experts, and others to give out interesting news on prospects of the wheat plant. But even Texas and Oklahoma, in our opinion, are doing very well. According to the last government report these two states are likely to produce about 109 million bu of wheat compared with 106 million bu in 1937 when yields were very much larger than during the preceding five years: namely,

1936	-	45	million	bu
1935	-	44	"	"
1934	-	62	"	"
1933	-	45	"	"
1932	-	75	"	"

The only time a greater amount was raised in these states was during the phenomenal year of 1931, when yields were 142 million bu. Some of the crop experts still think that the government might have over-estimated these crops, but we do not agree with them. They possibly did not take into full consideration the large acreage which was seeded. The government estimates for the state of Texas only 10 bushels per acre, and for Oklahoma, 13 bu, which are not large yields according to reports which we are receiving.

We had another very optimistic one again today from Oklahoma, from where they report that the weather has been ideal for the last four or five days, and where damage was feared on account of freezes; they now feel more confident of good yields.

Weather during the past 24 hours has again been very favorable, showers having been quite general over Minnesota, Iowa, Illinois, Indiana, and Ohio. We expect they will be very beneficial over the last three-named states, where moisture has been deficient lately. The temperature continues close to the normal to slightly below. The prediction for next week is for much the same, occasional showers, and temperatures about normal to somewhat below, with no freezes in sight, according to the official forecast.

Liverpool cables were rather disappointing, futures declining whereas an advance had been expected in sympathy with our late strength yesterday. The decline ranged from 1/8 to 3/8¢ per bu on the various deliveries. It appears that the drought in the U.K. has done very little damage, and Argentine shippers are more anxious now to compete with other exporters, and are offering their wheat at lower values.

The great strength in Winnipeg May wheat at times imparted moderate strength into our market, but this should be of no great significance, as that future will expire very shortly. The high prices there are mainly based on the extreme scarcity of choice wheat, and the small stocks which prevent heavy deliveries. As we are only a little more than one month away from the time when the new crop plays an important part, we think it is of less importance what occurs in the old-crop future.

Trade was extremely quiet, and fluctuations very small. At the close May wheat showed a decline of 1/8¢ per bu, and the July 1/2¢.

Primary receipts continue to be satisfactory, today being 626,000 bu compared with 496,000 bu last week, and 180,000 bu a year ago. Stocks at Kansas City and Minneapolis decreased 664,000 bu for the week.

Corn receipts are keeping up very well, being 1,203,000 bu versus 1,412,000 bu the previous week, and 245,000 bu in 1937. While we did not hear of any important export business overnight, we feel convinced that Europe will need this cereal right along, and it is quite safe to expect that from time to time heavy export sales will take place.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO May 16, 1938.

Extremely favorable weather conditions everywhere in this country during the last 48 hours overshadowed all other news; otherwise, instead of declining, wheat futures probably would have shown moderate strength, in view of the higher cables from Liverpool. Futures in that market advanced 5/8 to 1¢ per bu.

The strength abroad was due to the continuation of drought in New South Wales and South Australia, and more attention seems to have been paid to same and to the poor crop outlook in Italy than to the other favorable items. Weather in central Europe and eastern countries was mostly clear and warm, and Russian spring sowings are now caught up with those of 1937. Reports from there indicate that winter wheat and early spring crops are in satisfactory condition, with moisture adequate. Also the drought in France is broken, and it is claimed that a million-dollar rain fell in the western half of France, including Paris, breaking a long drought and reviving parched crops. There is no doubt in our mind that Italy this year will be compelled to import much larger quantities than in the previous season, possibly up to 75 million bu compared with an infinitesimally small amount during the past season.

However, as long as the fine crop prospects continue in this country, both for spring and winter wheat, as well as those in Canada, there might be such an abundance raised for export that any damage which has occurred so far in some of the European countries will not be severely felt.

Over the week-end, showers were more or less general over the entire district, with rainfall heavy in the Texas panhandle where needed. Temperatures continue close to the seasonal normal all over the winter wheat belt, except over the Northwest. Indications are for more showers and satisfactory temperatures.

With half of the month expired, it looks to us as if crop estimates, according to our judgment, will have to be raised again. There was an estimate by one of the private experts, based on April condition, of 770 million bu. Who can tell, provided this real good weather should continue, how much more will have to be added to that figure? Take, for instance, the State of Kansas, with a standing acreage of 14,829,000 acres, 30 per cent of the whole winter wheat acreage, and, therefore, very important. According to the government report, the estimated crop for Kansas was about 192 million bu --certainly a very large one, but yet, only 13 bu per acre. It is quite conservative, we think, from the reports we are receiving, to assume that the average yield per acre might have to be raised materially. There certainly will be large counties which will raise considerably more, and very few spots that will raise much less than 13 bu.

The cash demand overnight was very poor, and we could hear of no sizable quantities which have to be exported. This is all the more surprising as Liverpool wheat stocks are quite small, only 1,872,000 bu against 3,448,000 bu last year, and yet, we had been led to believe that England was storing for war emergencies. This certainly must be done in other places, of which we have no record. The amount on passage has also decreased, and is only 43,376,000 bu versus 45,912,000 bu last year. World shipments were 10,617,000 bu compared with 12,492,000 bu last year, just about sufficient for weekly requirements, or only a trifle more.

The Argentine government estimates now that the remaining surplus as of May 14 is 47,520,000 bu compared with 25,792,000 bu last year. Evidently growers, despite their poor crop, have been holding back their supplies compared with last season. This can easily be accounted for, as there is such a terrific difference in prices, and growers there no doubt were of the opinion that because they had a short crop they are entitled to more money for what they produced.

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From now on, however, we expect heavier clearances, and Argentina may become a greater competitor in the world market.

In the meantime, North America is doing her share of the export business, the total for the week amounting to 3,691,000 bu, of which undoubtedly the largest part came from the United States, as Canadian prices are way above ours. Only English millers who are very anxious to keep up their standard of flour would buy large quantities of Canadian wheat now at the difference in price.

The feeling here among traders and speculators is extremely bearish, owing to the wonderful crop outlook, but it is somewhat tempered by the uncertainties existing in regard to the loaning price which government agencies will make on wheat to the farmer. Also it is difficult to guess whether many farmers will take advantage of the loaning price, because if they do they will be compelled to accept all the rules and regulations pertaining to next year's acreage, etc. It is entirely guesswork as to the outcome. The Agricultural Department probably will try not to make the loaning price too attractive, as government agencies finally would not care to again become the owners of lots of wheat, such as during Farm Board years. Then again if the price would be put too high, it might interfere with our export business, and if anything is really needed above everything else, it is that we shall not be deprived of the opportunity to dispose of our surplus to the European countries. There is a fair chance that this coming season European importations might rise again, owing to the short crop in Italy, also to the temptation to accumulate stocks for war reserves. However, we are likely to have some very keen competitors as sellers and we have to be careful not to lose our opportunity.

The largest province in Canada, Saskatchewan, had more precipitation since April 1st than in 1937, and also better than normal. This is where crops were the poorest last season.

Primary receipts were very heavy today-- 1,047,000 bu compared with 747,000 bu last week, and 522,000 bu a year ago. The visible supply decreased 2,588,000 bu versus 2,280,000 bu the previous year, and it has now been reduced to 34,716,000 bu, which is 16,379,000 bu more than same period in 1937.

At the close the May wheat showed a decline of 1 7/8¢ per bu, and the July 1 1/2¢ compared with last Saturday.

The export demand for corn was poorer today; primary receipts are still big-- 1,065,000 bu against 274,000 bu last year, and 1,165,000 bu last week. The visible supply is now 34,335,000 bu. whereas a year ago it was only 4,373,000 bu. The market was somewhat weaker.

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CHICAGO MERCANTILE EX.

May 17, 1938.

We believe that world wheat markets are gradually adjusting themselves to the possibility that the combined winter and spring wheat crop in the United States might either be the largest or the second largest ever raised. Taking the government estimate on May 1st for winter wheat of 754 million bu, and assuming that the spring wheat crop might yield 246 million bu, the total would equal one billion bu. With the very favorable weather conditions so far during this month, we have to be prepared, however, that the winter wheat crop might turn out to be larger than the previous estimate; and also the large amount of rain with which the spring wheat territory was favored makes it possible for that crop to turn out better, and the total might be more than the 1,025 million bu raised in 1915. The next four largest crops will fall considerably below that figure: namely,

In 1919	we raised	967	million bu
1931	"	932	"
1918	"	921	"
1928	"	912	"

We appreciate, of course, that other items enter into calculations of price-making. To begin with, the carryovers are very important, and this season, starting with July 1st, we shall have a very fair one, almost 200 million bu, considerably over the average, but much less than the maximum which had been available in some years at the time when the new crop came on the market. Of paramount importance is also the outlook in other countries; for instance, that of Canada, ordinarily the largest exporter. So far that country had similar weather conditions as in our spring wheat territory, and promises an average crop or better. Much, however, could happen there to change the very favorable outlook, as that crop is one of the latest to be harvested in the Northern Hemisphere. As far as Europe is concerned, weather conditions have been more propitious of late, and we should not be surprised if various countries would raise almost as much as last year; probably not quite as much, as Italy will produce less, but this might be made up by Germany, where the outlook is excellent, and also by Russia, which is always an unknown quantity, but so far reports indicate that the stand of both winter and spring wheat is satisfactory.

Then, of course, the consumption of the various countries is a big factor. It is a long time since 1915, or 23 years, when we raised the 1,025 million-bu crop, and ordinarily with the increase in population everywhere, one would assume the demand would be very much greater. However, the per capita consumption for a long period decreased steadily, and while in this country certainly the total consumption must be more than it was then, no such increase in Europe took place. Furthermore, 1915 was a war year, when our exports were tremendous. In 1919, the first year after peace had been declared, there was still the devastation in foreign countries, such as France, which had not yet been restored; and Germany, which had been starved out became a big buyer. In the meantime, production in Europe had increased so heavily that at the present time our outlook for exporting sizable quantities is not very good. Of course, if we are willing to meet world markets, we ought to do a fair business, but with Canada competing and the Southern Hemisphere later on willing to sell their crops, our aims can only be accomplished if we are willing to accept moderate prices, as long as crops everywhere promise to be so plentiful.

Weather during the last 24 hours had again been favorable. Showers have been quite general over all sections of the entire district, being quite heavy in South Dakota. Temperatures continue close to the season's normal everywhere. Indications are for more showers over the Northwest, Central West, Southwest, Central states and Canadian provinces, both for tonight and Wednesday.

Liverpool wheat cables closed 1 1/4 to 1 5/8¢ per bu lower.

(O V E R)

As far as the old wheat situation is concerned, there continues to be a steady demand from abroad, but only in fair quantities and not on a very large scale. The United Kingdom bought a cargo of hard winter wheat overnight, and there are inquiries for more. Also some Manitoba wheats were purchased, and Argentina seems to be offering larger quantities, having a fair surplus left. The domestic demand keeps up satisfactorily in the Southwest, but mills must be reasonably well supplied with soft wheat stocks, as there does not seem much demand for wheat from Chicago.

Total stocks in this city of all kinds of wheat are 7,708,000 bu, including 442,000 bu afloat, compared with only 3,911,000 bu last year, and there was an actual increase during the past week. As far as wheat in federal licensed and state public elevators is concerned, (No.2 red wheat deliverable on contract) there was a slight increase last week of about 14,000 bu, and the total available now is 1,778,000 bu. This would indicate to us that the wheat which so far has been delivered has not yet been disposed of or shipped. Nevertheless, it is not pressing on the market, and the open May interest was still 10,229,000 bu after the close of yesterday's session. These trades will all have to be liquidated by May 26th, inclusive, except by deliveries which can be made during the remaining business days of this month. This leaves only 8 days for both longs and shorts to even up their contracts in the pit.

Primary receipts today were rather light --305,000 bu compared with 404,000 bu last week, and 226,000 bu last year.

At the close the May wheat showed a decline of 1 1/2¢ per bu, and the July 1¢ compared with yesterday.

The corn market suffered today in sympathy with the decline in wheat. Primary receipts continue to be big --1,114,000 bu versus 1,244,000 bu a week ago, and only 406,000 bu a year ago. However, many charters are being made out of Chicago, and the outgo we believe will continue to be large as Europe is very much interested in this cereal, and is getting only moderate supplies from other countries.

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CHICAGO MERCANTILE EX.

CHICAGO May 18, 1938

It is perhaps not more than once in every 25 years that in the same season we have large crops both in the winter wheat belt and in the spring wheat territory, as well as in Canada. While it is too early to predict that this will be one of the years for such an occurrence, yet the present prospects in all three territories are so good that it must be considered as being at least a possibility. Should this be the case, we would probably have a complete reversal of conditions prevailing in recent years.

The United States carryover on July 1, 1937, was the smallest since 1923, (and probably much further back if we were to look it up). The largest carryover was on July 1, 1932, when it was 391 million bu. If the combined spring and winter wheat crops mature this year, and present estimates on the yields are realized, we might have a larger carryover on July 1, 1939, than in 1932. This would be going from one extreme to the other in two years-- from the smallest to the largest carryover in the United States. This is something nobody could have foreseen, and we consider it quite fortunate that Congress has passed a bill providing for loans to the farmers in order to enable them to live through this emergency.

If the views of the Secretary of Agriculture have been correctly reported, we believe they are well considered and appropriate, inasmuch as they provide for a modest loan price. To begin with, with the large yields, the farmer will not need such a high price, particularly as he receives other subsidies, and a low price would enable us to do a much larger export business than otherwise. This would serve two purposes: (1) we would dispose of a large quantity of wheat, reducing the burden of carrying it into the next crop, thus preventing our being faced with a more serious problem next season, and (2) every bushel of wheat we sell abroad reduces the quantity which other exporting countries can dispose of. If we do not make it too easy for them to sell all they raise and obtain a satisfactory price, they would also be inclined to reduce acreages next year, which would help to bring about a readjustment.

Bumper crops are just as scarce as crop failures-- they only come once in a while, so the following years with reduced acreages, moderate export business and an average yield per acre, or less, in due course of time might enable us to reduce these excess stocks the same as we did in the past.

There is no doubt now that under the present law a loan price will soon be named and farmers who wish to avail themselves of it will be able to do so. What the price will be nobody knows as yet, and we doubt whether even those who have the power to fix the price have determined what it should be. It will be a rather difficult matter as we presume different prices have to be arranged for different localities, and for different varieties, and, of course, it will be difficult to satisfy so many farmers, no matter how just the objectives are, and how much pains might be taken to do the right thing. Of course, the result will have a stabilizing effect on prices-- how much it is difficult to say. On one point, however, we have fixed opinions: namely, we cannot be entirely independent of the world price, and the fact that there is a plentiful supply of wheat even though it might be withheld from the market for a time, will sentimentally have a rather depressing effect.

Foreign markets are very muchinfluenced by any advances or declines in this country and Canada; therefore, the weakness here yesterday brought about further losses in Liverpool, and their futures finally closed 5/8 to 7/8¢ a bu lower compared with the previous day. Crop reports from abroad are in the main satisfactory, Italy being an exception and the outlook there must be quite bad, as it has been officially decreed that 20 per cent coarse grains must be mixed with wheat flour in Northern Italy. This is another proof to us that the consumption of wheat is not necessarily the same per capita every year, and that the price has a great deal to do with it; so possibly if later on wheat prices should be lower in comparison with coarse grains, the compulsory use of substitutes, which have been so prevalent in many countries of Europe, might be abolished. Even in France last year it was difficult to obtain pure flour, and we are

(OVER)

convinced that with a lower level, consumption in Europe will greatly increase; therefore, their importations might give us a better chance to export larger quantities.

Argentina, which has been a negligible factor, so far as the European market is concerned, is starting to press wheat on a large scale. However, Canada is losing its importance as an exporter at the present time and very little wheat has been worked again overnight; in fact, from what we have been able to learn it was confined almost entirely to durum wheats, again demonstrating that no matter how desirable their wheat is, at a certain price it will not be wanted and other varieties will be used instead.

Primary receipts of wheat were very modest today-- 418,000 bu compared with 380,000 bu last week and 187,000 bu last year. Stocks at Kansas City and Minneapolis so far show a decrease for the week of 190,000 bu.

About an hour before the close of our market, it was rumored that Italy had purchased 1,400,000 bu of wheat. We do not think this is particularly important. We know Europe has to buy about 1 1/2 million bu, or more, a day, and some days it is one country which buys it, and some days another. It is also known that Italy will have to become an important importer this season.

At the close our market showed an advance of 1/8¢ for May wheat and 1/2¢ for July.

Corn receipts are somewhat lighter-- 843,000 bu compared with 985,000 bu last week and 193,000 bu last year. Export business overnight was rather small, but record shipments have been made from Chicago, and the bulk of it is going across the ocean. We believe there will be continued demand for this cereal for export.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO May 19, 1938.

Liverpool has a holiday today on account of the King of ngland visiting that city. Other English markets are open, yet we re advised that grain business all over the United Kingdom, being thout guidance from the leading market, was more or less at a standill. In this country we are also lost when the Liverpool market s closed, as next to Chicago it is the most important grain market the world, the United Kingdom alone importing about 40 per cent f all wheat and flour purchased by Europe and ex-Europe, and any ivance or decline there has to be considered everywhere.

Another very important influence at this time of the year is he weather, and this morning's map showed continued heavy precipitaion. Rainfall during the last 24 hours continued over all sections f the grain belt, being heavy in South Dakota and eastern Kansas, ut rather light over most of the far Southwest. Temperature changes ave been unimportant, being below normal over northern districts nd somewhat above over central and eastern districts, but with no xtremes. Indications are for showers and thunderstorms again r tonight and Friday. However, the temperatures will continue ool over northern districts, and moderately warm over central and astern, with cooler over Kansas, Oklahoma and Texas.

Before the opening a great many believed that we were getting oo much rain, thus the buying side was the favorite, and we had a oderate advance early compared with yesterday. We ourselves believe hat good rains at this time of the year are a godsend, particularly f we should have no great extreme heat to follow immediately. It s very seldom in our experience that we have seen great deterioration n the crops from too much moisture, unless it came much later, amage then being done during the harvest period. Very frequently ven then the loss in quantity is very much less than the damage to he quality. We, therefore, see no reason yet to fear that the plendid crop prospects up to date will not be maintained. We rather ook for further improvement, and this particularly so in the spring heat territory, where abundant rains now might prove a good reserve, hould there be less later on. In normal years May and June are the onths of abundant moisture, while July and August are usually very ry.

Export business today was extremely moderate, and when during he session heavy sales took place, supposedly on part of foreigners ho hedged Argentine and Australian wheats, buyers were found to be xtremely scarce and the market declined very rapidly from the highest oint.

The great trouble at the present time is that the short nterest is so trivial, as few ventured to trade in that direction on ccount of the uncertainties regarding the amount of wheat on which oans will be made by government agencies. Naturally, this wheat ight not be for sale for a long time, and it reduces the burden of he surplus to be carried into another crop .

Broomhall is very optimistic as to the possibilities of sell ng much larger quantities abroad this year than last. He is convinced hat Italy will have to buy a great deal more, due to the expected hortage of her crop, but the demand will be somewhat modified on ccount of the compulsory mixture of 20 per cent coarse grain in the orth. Furthermore, there will be the tendency to lay in larger eserves as a war preparation, and, naturally, the lower the price, he larger the quantities which will be stored for future purposes.

It was also reported that President Roosevelt has transmitted oCongress a request from Secretary Wallace, and that the latter stimated that on present conditions loans to producers will be ecessary on approximately 200 million bu of the estimated 950 million u crop.

(O V E R)

European crops seem to be making normal progress, the outlook improving in some places and going backward in others, but the average is satisfactory.

Moisture conditions in the Prairie Provinces continue favorable, according to Sanford Evans' crop report. Since April 1st to May 18th total precipitation at every official meteorological station compares favorably with the normal, and excepting Manitoba, is ahead of last year.

Under these circumstances we see no change in our previously expressed opinion that wheat prices are likely to rule at a low level this coming season. There are two items which might change this picture: 1- An extremely good demand from Europe on account of crop scares, or otherwise; 2- Great deterioration from the present good outlook. However, there is nothing in sight now that either will occur.

Argentine shipments this week are almost as large as last year --1,727,000 bu compared with 1,990,000 bu at that time, but clearances are very small from the Black Sea; only 448,000 bu, including 88,000 bu from South Russia versus 1,516,000 bu last season. There was no wheat shipped from India.

Primary receipts today were just fair --480,000 bu against 565,000 bu a week ago, and 186,000 bu a year ago.

There was quite a fair recovery from the low point toward the end of the session, and May wheat closed 1/8¢ per bu lower than yesterday, and the July future was unchanged.

Corn receipts were 920,000 bu; still very large, although somewhat smaller than the previous week, when they were 1,180,000 bu. The planted acreage, on account of compulsory reductions, will probably be much smaller than last year, and prospects for the next crop will be very closely watched. In the meantime, however, we expect a steady and continuous export business.

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CHICAGO MERCANTILE EX.

CHICAGO May 20, 1938.

It has been our experience over a long period that we never ve enough moisture in this country unless everybody clamors about ving too much. This is particularly true, as far as the wheat ant is concerned, as we have such a large area of semi-arid land, ere good crops are only possible when there is plenty of moisture. is ideal condition seems to have prevailed this season, and in nsequence, we believe that the good prospects for winter wheat have en fully maintained. We are, therefore, not surprised when the binson Elevator Company, whose reports we have always read with ch interest, estimates the crop for Kansas at over 207 million bu, about 15 million bu larger than the last government report.

Weather conditions during the past 24 hours have been again vorable; showers have been general over all sections of the entire strict, except the Southwest, where mostly fair weather prevailed. e temperature continues below the normal over north and extreme st areas, and somewhat above over central and eastern states, but th no extremes. Indications are for very much the same conditions r tomorrow. Temperatures will continue cool over all north and stern areas, although likely to be lower over the central states. do not need too hot weather at the present time, and the longer is delayed, we think the better final results will be.

Liverpool wheat cables declined from 1/4 to 3/4¢ per bu, and re very largely influenced we believe, by good rains in parts of w South Wales. Drought had prevailed in that part of Australia d moisture was badly needed. Australian shipments this week are ite moderate, only 2,861,000 bu compared with 3,222,000 bu last ar, but as the visible supply is still quite large-- 40 million bu, mpared with only 33 million last season, we expect good export earances from that country right along. Farmers obstinately had en holding on to their crop on account of the dryness which had evailed, and if there is a partial relief they likely will again come freer sellers. Argentine shipments continue to be light, 322,000 bu compared with 1,990,000 bu last year.

Foreign demand for wheat was reported as flat this morning t our own advices from abroad claimed that while there is not much siness at the present time,a continuation of the demand is expected; fact, we cannot see how during the next two or three months im- rting nations will be able to obtain their minimum requirements of out 10 million bu a week, without receiving a large share from the ited States. It is quite certain that Canada is not likely to port more than one million bu weekly, and all the other countries ll have only moderate supplies. This naturally will all change en the new Canadian crop comes on the market.

The open interest in wheat continues to decline and the total en trades last night were only 68,944,000 bu, the lowest in quite a ile. We doubt if since records have been kept that the open terest ever declined to as small an amount as 60 million bu.. We pect, however, that within a month or so, when the movement of new eat starts in commercial quantities, lots of hedges will come into is market and the figures are likely to rise considerably. This ans, of course, that on the other side more buyers will have to be und, and it is a question just at what price traders and speculators n be induced to make commitments in heavy volume on the long side offset these hedges.

The same tendency will take place, as far as the visible supply concerned, which had been reduced for weeks and weeks with great gularity; and we expect another decrease this coming week. This ll compare with a shrinkage of 1,817,000 bu last year. However, arting July 1st, or before, there are bound to be great accumula- ons at terminal points, and if crops mature and yields are what we w anticipate, there will be a chance that the elevators at all rminal points will be reasonably well filled.

(O V E R)

Trade in May wheat stops next Thursday, the 26th, and the open contracts in that future were still 8 1/2 million bu last night. Neither longs nor shorts so far show any particular desire to liquidate their trades on a heavy scale and the decrease in open commitments yesterday was only 362,000 bu.

Primary receipts of wheat were quite moderate today at 646,000 bu versus 570,000 bu last week, and 482,000 bu a year ago. Stocks at Kansas City, Duluth, and Minneapolis so far this week show a decrease of 497,000 bu.

The market was somewhat easier in tone, despite strength during most of the session in old crop futures at Winnipeg, as it is believed that this situation will soon be forgotten.

At the close May wheat showed a decline of 1/8¢ per bu, while the July being somewhat weaker closed 1/2¢ per bu down.

Trade in corn was only moderate despite a good export business that seems to be taking place almost daily. Primary receipts were somewhat smaller today than they were a week ago, but this is probably due to wet weather, and may soon change. In any event speculative interest, like in wheat, is rather limited.

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CHICAGO MERCANTILE EX.

CHICAGO May 21, 1938.

ith the possibility that large reserves in North America ill become more a reality than either hope or promise traders are aturally inquiring more about the future export outlet, which in urn depends not only upon the result in the exporting countries, but lso upon European conditions. The latter is characterized by many nfluences, among which politics and economics deserve almost as much onsideration as the European crop prospects themselves.

During the last ten years we find that import requirements f the world had run as high as 928 million bu, and as low as 494 illion bu, so that naturally it makes a great difference whether a igh or a low figure is reached.

During the current season just finishing Broomhall estimates hat slightly over 500 million bu of wheat will be taken; this latter ow figure is probably due to the fact that foreign crops were airly good while economic conditions were quite bad. Possibly durng the next crop year we may expect some improvement in the demand, s a good many countries are figuring on putting away larger suplies as a war measure. Then also the poor start in Italy appears o be against a very large crop being produced in that country. lsewhere, we would say that growing conditions are nearly normal n an average. The present weather in Western Europe is mostly fair, ut in the East it is unsettled and rain persists covering parts of taly and Germany. There have been local showers in Russia, although n the main mostly fine crop weather is being experienced, and that ountry is again coming to the foreground in importance because up o the present time she has shipped nearly 40 million bu of wheat. n France, it is claimed now that prospects while only indicating a oderate crop will nevertheless furnish an excess over home needs.

In our own country we must not forget that there are still ver 50 million acres of winter wheat standing for harvest, which s the largest in many years. Consequently, there are more terriories to send in complaints, as well as more areas to produce wheat. t would be foolish at any time, even when enormous crops are raised o claim that every territory was perfect, but yet we are cheered y the many optimistic reports which are coming in, many suggesting igh yields per acre despite some damage from frost, rust, insect nfestation, and the like. While a good many rains had occurred vernight in Kansas, the forecast both daily and weekly was somewhat etter, and it is generally felt that for the time being clearing onditions would be preferred.

Our market opened somewhat higher, responding to an advance t Liverpool with their close showing upturns ranging from 1/4 to 1/2¢ er bu due almost entirely to the uneasiness over European political evelopments.

While no one is fearful of war for the immediate future, as as the case a few weeks ago, nevertheless in Czecho-Slovakia the abinet, after an extraordinary secret session, called one year of he army reserve class to the colors, which was for the purpose of nsuring peace, but it still warns of possible danger in time to come.

Primary receipts today were 538,000 bu compared with 626,000 u last week and 335,000 bu last year. Stocks thus far at Kansas ity and Minneapolis show a total decrease of 599,000 bu.

There was never any marked weakness in today's trading, alhough volume was still very low. We note that yesterday, for instance ess than 14 million bu of all grains were traded in, and when the igure is published for today's session it may reveal even a smaller urnover. What strength there was came largely in sympathy with the harp upturn in old-crop values at Winnipeg. It seems that the ituation there is rather tight, and traders become nervous easily hen that market goes up. We feel, however, that with mostly favorable eather that it will be difficult to maintain prices at this level.

Corn was hardly changed from the previous close, and the olume of trade here is also extremely dull. Primary receipts were lose to the million bu mark, and with good weather may show an increase next week.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO May 23, 1938.

World shipments this week were rather light at only 8,021,000 compared with 10,617,000 bu last week, and 12,575,000 bu a year ago. a result opening quotations at Liverpool were firm, but later in e session there was profit-taking owing to renewed Russian offer-gs, as well as increased pressure from India. There was also less ncern over the European political situation, with Great Britain suming a more firm attitude. While it was felt that Czecho Slovakia's oubles were far from over, it was apparent that in the European pitals less tension existed, and the diplomatic aspect of the oblem seems to be making valuable progress with the likelihood that ance, Russia, and England still stand together. Final quotations Liverpool showed declines ranging from 1/4 to 3/4¢ per bu. We ard very little of any new business, so that apparently the trade, spite smaller arrivals, and only about the same amount of wheat on ean passage as a year ago, is rather complacent, awaiting further velopments.

From the foreign point of view, there are several reasons for maining calm. First of all, they still have in mind the last govern-nt report on our winter wheat, suggesting a crop of 754 million bu, d the likelihood that this figure will be raised again in June. rthermore the last Canadian official report indicated only a small duction in acreage, with moisture conditions satisfactory, partic-arly in Saskatchewan which is very important. They are also looking ward Russia with a hope that that country will be able to be a ctor again during the coming season. The spring sowings of all grain May 10th were reported at 158 million acres versus 152 million res for the same date in 1937, while her winter wheat crop was con-dered satisfactory at the middle of May, except in the Northwestern gions. The fourth estimate of the Indian wheat crop, according to e Department of Commercial Intelligence, suggests yields 29 million greater than last year's crop; this apparently will result in mewhat more pressure in European markets.

When our market opened this morning there were a few selling ders; probably more reassurance because of political developments, d shorts, who had covered rather liberally on Saturday, were not ere to lend support. Therefore, new lows on the crop were estab-shed for the active months; new buyers evidently were disinterested en around the 75-cent level so that rallying power was rather feeble.

There had been rather wide-spread rains in Kansas, which were t exactly wanted, but nevertheless with a forecast for clear-g skies, these did not prove to be much of a market factor. More tention was paid to the optimistic reports from the Texas panhandle, aracterizing the situation as a soaking downpour for the thirsty op; this also extended into Oklahoma to replenish subsoil moisture some sections that had been deficient.

The visible supply of wheat showed a decrease of 2,321,000 bu, ich was somewhat larger than the shrinkage of a year ago. Total ocks in all positions are 32,395,000 bu, or nearly 16 million bu re than in 1937. It will probably be another month yet before rivals from the country will be in sufficient volume to bring about reversal of the present situation, but we are convinced that between w and the close of navigation there will be at least 100 million bu ded to our visible supply. With this in mind we see no reason for king investment purchases, as the burden will become great.

Primary receipts today were 784,000 bu against 1,047,000 bu st week, and 404,000 bu a year ago. Chicago stocks decreased 388,000 , but are still large, being in excess of 7 million bu.

We believe that some of the houses having elevator interests day sold May wheat on the advance against purchases of July; pos-bly they have in mind making deliveries in the event that they can-t sell their cash wheat on a better basis. As we understand it, e demand for #2 red wheat is still none too urgent.

Trade remains rather light, but speculative enthusiasm in all rkets seems to be at rather low ebb. Only about 15 million bu of l gains were traded during Saturday's session. At the last May eat showed a decline of 1¢ per bu, while the July was 1 3/8¢ lower. nnipeg July lost over 3¢ since Saturday.

Corn was inclined to be easier. There was no particular ature to this market but undoubtedly some pessimism owing to the new ws that were established in wheat.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO May 24, 1938.

A great many traders have been hesitant for some time to ke an aggressive position on the short side; and possibly this ctor at the moment is contributing toward the weakness of the mar-t, as there is no important buying to cushion declines. They felt at while the news pertaining to crops was very favorable it was etty well known, and for that reason possibly discounted. They re also afraid that a possible high loan price would interfere th the normal course of the market. But apparently values are ill registering pretty much the supply and demand situation, and we draw closer to the new crop this is being more appreciated all e time.

There was nothing in the political news overnight to cause ch excitement in either direction. Liverpool quotations were very ak , declines ranging from 1 3/8 to 2 3/8¢ per bu, with July d October wheat in that market establishing new low prices for e season. This was undoubtedly brought about following the sharp clines yesterday in Winnipeg, but, according to Broomhall, also ing to the favorable American advices on crops, and continued essure of Russian and Indian offerings, together with a pause in e inquiry for Australian wheat.

There is no appreciable amount of pressure on any market, d certainly not upon European markets, with small shipments from actically all countries; but, nevertheless, Europe apparently els confident that later on supplies can be had more abundantly d on a better basis. There was a very quiet demand for both eat and corn overnight, and without fresh business there was ttle to sustain the market when selling orders came into the pit, cept that a few shorts seemed to cover as a matter of precaution. is generally felt that Britain, as well as some other European tions, will gradually lay in reserves as an insurance during r, but this has not started in sufficient volume yet to make self felt.

Meanwhile, weather abroad is fairly satisfactory, Central rope and the Scandinavian countries reporting showery conditions. Denmark and Sweden, rain has been received, greatly relieving the oughty conditions, while sufficient moisture has occurred in lgium, with fine warm weather now required.

As far as our own crops are concerned, they seem to be getting ong nicely, and before long experts will give us their revised gures for June. In the Northwest, rain came in due time, accord-g to the Occident Elevator crop report. In North Dakota and ntana, the moisture came down slowly with no run-off, and the untry has shown a wonderful improvement, with the plant greening. though some permanent damage was done earlier by soil movement the whole everything seems highly optimistic.

There was a good deal of spedulation today as to the pos-ble outcome of May wheat, with the open interest as of last night ill slightly over 7 1/2 million bu. As we look at the deliverable ades here in Chicago we find there is 1,823,231 bu of #2 red nter wheat in federal warehouses, and 174,000 bu in public state evators, or a total of nearly 2 million bu. This shows an increase 219,000 bu during the week. With a rather slow demand at the ment we still are of the opinion that finally May wheat will end close to the July price, although, of course, during the remaining o days of trade much depends upon who takes the initiative in trying even up commitments. We hardly expect that elevators at these emiums will want to carry red wheat into the next crop, and there-re, we have come to this conclusion.

(O V E R)

Primary receipts today were somewhat lower, which is not surprising on a Tuesday; they amounted to 413,000 bu compared with 305,000 bu last week, and 127,000 bu a year ago. So far this week stocks at Minneapolis and Kansas City show a total decrease of 156,000 bu.

Trade was not particularly heavy, and without any fresh inducements for making investments the liquidating sales that took place had a rather depressing effect marketwise. We note the open interest in wheat is down to about 68 million bu, which is the lowest for many years. In fact, the smallest open interest on record was on May 24, 1924, when it was as low as 60,720,000 bu. Of course, speculation generally is small at the moment, which is against much bullish activity, particularly as there will be a heavy load on the market soon when hedges make their appearance in commercial volume.

At the last May wheat showed a decline of 2¢ per bu, and the July 1 3/8¢ per bu. New lows were recordsd on all deliveries.

Trade in corn was rather light; receipts were heavy, primaries amounting to 1,793,000 bu against only 225,000 bu a year ago. This, combined with the weakness in wheat was apparemtly too much to be absorbed except at sacrifices.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO May 25, 1938.

There were new low wheat prices established for the season in iverpool, as well as in this country. This is due to the general ecognition of the fact that in all probability the world at large ill have good crops, possibly above the average, and this on ery large acreages. Bumper crops are as exceptional as great ailures, but whenever extremely heavy yields are obtained, natural-y, prices will suffer accordingly. Therefore, at the present time, t is safe to assume that the world's price of wheat this season ill rule rather low. Of course, this always with the proviso that othing extraordinary will happen in a political way. While we do ot look forward to any European war in the immediate future, yet here are likely to be scares from time to time, and whenever they ppear on the horizon markets will be at least temporarily affected. lso we must never forget that we are not having as open markets now s we had in the past.

In Canada the wheat board is still in existence, and may ossibly establish minimum prices. Also in this country, a loaning rice to the farmer will be fixed; while same might not necessarily e the minimum price for futures, yet it will be somewhat of a ashion and perhaps prevent such extremes as we had in previous easons when supplies of wheat were also large. However, it is ossible that the United States will have more wheat on July 1, 1939, han it ever had before unless we shall be able to do a very large xport business during the next twelve months; and this is all-im-ortant to the price level.

The writer just returned from a trip to Texas, where he met great many grain men from all over the Southwest. All reports he athered about Texas, Oklahoma, and Kansas were extremely favorable. s it appears to us the tendency will be for the farmer to sell his heat very freely, but if he obtains a much better price through ans he will be inclined to turn his wheat over to governmental gencies, as in that way he would receive a great many advantages, uch as subsidies, etc.

Liverpool cables declined from 1 3/4 to 1 7/8¢ per bu. As he Canadian market, which has been closed yesterday, was very weak oday, we would not be surprised to see further declines abroad to-orrow. In the meantime, foreign purchases are on a very small cale, although there is some business going on right along, but not n sufficient volume to create any bullish sentiment.

We ourselves were advised that tomorrow the first car of ew wheat from Texas will be consigned to us at Fort Worth. This is articularly early, but it comes from a very small territory, and we till believe that it will take at least another week or two before heat will move in commercial quantities. However, when that time omes, we will need a very much better demand; otherwise, there will e great accumulations and considerably more hedging sales.

At the present time the open interest in wheat is still de-reasing; it was reduced yesterday about 480,000 bu, and last night ounted to 67,681,000 bu. We erroneously mentioned in our market etter yesterday that the lowest open interest was on May 24, 1924, hen it was 60,720,000 bu. We now find there was another period, une 23, 1936, when it was still smaller, being 53,568,000 bu.

Argentine shipments are only 718,000 bu this week, but we elieve they had some holidays; this figure compares with 1,003,000 last year. However, crop prospects even in that country seem to favorable. The Times of Argentina of April 25th states as fol-ows: "Rarely has an April been so advantageous for farm operations has this of 1938, and if the favorable conditions continue into y and June Argentina may surprise the world in the matter of the rea under cultivation." It is surprising, in view of all reports hear that England is laying in stocks of wheat for war purposes, at so far importations of wheat into that country have been 563,000 bu less than last year, and 855,000 bu less in the shape flour, or a total of 9,418,000 bu less than a year ago.

(O V E R)

Primary receipts today were rather moderate --385,000 bu versus 418,000 bu last week, and 278,000 bu in 1937. Stocks at Kansas City and Minneapolis show a decrease of 236,000 bu.

At the close our May wheat was 3 1/2¢ per bu lower, and the July 1 1/8¢.

Corn receipts continue to be large, and the export business at the moment is quite moderate. Primary receipts were 1,054,000 bu against 843,000 bu the previous week, and 345,000 bu a year ago. While the corn situation in itself is much stronger than that of wheat, yet as long as wheat continue to decline it will be difficult to hold the price of corn.

This morning the dollar has climbed to a new high for the year, as all leading foreign currencies declined into new low ground on renewed European fears of the Czecho Slovakian situation. This shows that fears of complications have not yet entirely disappeared, and that the United States is still considered the best haven for money. It will also have the tendency to bring about new importations of gold and increase our already large holdings.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO May 26, 1938

Today was the last session in which May wheat futures could be aded. The price today was the lowest at which it sold since trad-g started several months ago. It also sold at a discount under July, ich was the natural thing to happen; in fact, anything else would ve seemed most unlikely. We had pointed out repeatedly that with e exception of 1931, when the May future was pegged, the July fu-re has always gone to a premium over the May, when the carryover July 1st was over 150 million bu, and this year, with an indicat-carryover of approximately 200 million bu, this seemed a natural nclusion. Traders had hoped for a long time that this year might different from others, owing to the comparative scarcity of con-act wheat, quality having been rather poor in many sections from ich Chicago draws its supplies. However, as a general rule, the antity, more than the quality is influential in price-making, and nally, Chicago accumulated over 2 million bu of contract wheat in evators where delivery was possible. That quantity is more than fficient for all purposes. This is particularly so in view of the ct that another crop is coming on the market soon, and June as a le is a poor month for selling much wheat to the mills, many of em being closed for repairs in preparation for the new crop.

This, however, is now past history and very soon farsighted aders will start thinking of what is likely to be the price of eat a year hence. Tomorrow we shall probably start trading in Dec-ber wheat, which we guess might open up close to 75¢. On that ba-s, May wheat, with five months to carry, for which storage, inter-t and insurance would have to be paid, should sell later on close 80¢ on that basis. Such a price would be considerably higher an this year's finish, with a crop very much larger in many coun-ies and with the carryover on July 1, 1939, likely in excess of at it will be this year. At many terminal points such prices uld also be probably a great deal higher than the loan price, and, erefore, does not look particularly attractive to the speculator. course, later on, consideration will be taken of the fact that ext year's acreages will be reduced, and it is not probable that ields per acre the coming season will be as big as they are prospect-vely at this time. Nevertheless, next Spring the price would be ery attractive for the farmer to sell freely, inasmuch as he will ave so many bushels to dispose of.

Liverpool wheat cables were extremely weak today, their May fu-ure declining 4 1/8¢ and the other futures from 2 1/2 to 2 7/8¢ per u. Many legitimate reasons were given by Broomhall for this weak-ess abroad. Foreigners are very largely influenced by the fine crop rospects in all of North America at the present time; and also the uropean outlook has changed for the better. Plenty of sun and satis-actory harvesting conditions make it appear that full wheat crops ill be likely through most of Europe, except Greece, Italy and ortugal. In addition African returns will also be quite satisfac-ory. Greece and Portugal are countries with a very small population nd also small acreage, and will not cut much of a figure. Italy ill be more important, but the chances are that her importations will e somewhat restricted on account of difficulty in obtaining foreign xchange, and substitutes may be used to a large extent. France is ow expected to raise about 312 million bu compared with only 254 mil-ion last year, and should those results materialize we hardly think hat she will be an importer-- in fact, she might possibly be in a osition to export some.

The spring wheat crop in the United States, which may have many azards to go through, and which will never be a certainty as to size ntil towards the time when harvesting is in sight, has at the pres-nt time very favorable prospects and much better than at the same ime last year. To say the least the farmer is very well pleased up o date and is very hopeful.

(OVER)

There is no particular pressure of old wheat at the moment and Black sea shipments, including 248,000 bu from South Russia, are only 400,000 bu compared with 2,400,000 bu last year. This, we think, will enable the United States to continue to do a fairly large export business right along, and we believe several more cargoes were sold overnight; in fact, export prospects are quite favorable until the new crop of Canadian wheat will come into competition with us.

The open interest declined again yesterday to the extent of 2,077,000 bu, and is now only 65,604,000 bu. It will be several weeks yet until hedging sales start on a large scale for new wheat, but then they gradually will increase and new buyers will have to be found for same. This might be a depressing feature for a time.

There is no positive news yet about what the loan price will be, but it is the general opinion that there will be no uniform price for the farmer-- that it will be higher in some places than in others, according to freight rates. But it cannot even be surmised yet what the average will be, so everything will be guess work until the particulars are given out. Inasmuch as nothing has been fully determined yet by those who have the final say, an uncertainty in this respect still exists.

Primary receipts of wheat were very moderate, 467,000 bu compared with 283,000 bu a year ago.

At the close our market showed a decline of 3/4¢ per bu for May wheat, while July advanced 1/4¢.

There was some short covering, traders having been disposed to take profits after the sharp decline we had.

Corn receipts are still heavy, primaries being 1,257,000 bu versus 299,000 bu a year ago. However, the demand from Europe continues, and daily charters are being made for the transportation of this cereal to foreign ports.

Inasmuch as most offices will close on Saturday immediately after the session during the summer months, it being the golf season, and as not many will have time to read our market letters, we have concluded that unless something special happens we shall not write a market letter during this period on Saturday.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO May 27, 1938.

The Liverpool market was extremely weak, and had declined sharp-l before our session opened today. Our strength of yesterday after ey had closed was ignored on account of the very useful rains in Australia. The drought in New South Wales, which was the worst in years, is now definitely broken as a result of recent precipitation.

Weather in France is also satisfactory, and with higher estimates r yields than last year, prospective buyers abroad feel very con-dent that the coming season supplies are likely to be furnished to em from many quarters; and the export business overnight was ab-lutely flat.

In consequence of the foreign news, there was quite a sharp de-ine here at the opening compared with yesterday, but it was the im-ession that some eastern shorts took advantage of the situation and vered very heavily. With a narrow market such as we are having at e present time, it does not take a very large amount of buying or lling to influence prices quickly. Traders here also are watching e Winnipeg market very closely, and when futures there recovered om a sharp early break, confidence was immediately restored tem-orarily. The fact is that during the month of May, as a general rule, e wheat demand and the consumption exceed new farmers' deliveries, d there is a steady decrease in stocks at terminal points. With no w pressure, declines can only be brought about either by tired longs lling, or new short commitments. This is a period when prices are rgely made by anticipation of what is to come later. Crop scares ve been less than usual, and with estimates so very high for the nter wheat yields, and good soil conditions in the spring wheat rop, the value of wheat futures in this and all markets in the U.S. s been gradually lowered.

The coming month, influences on the market will be more of a alistic kind. Early next week we expect the latest estimates on e winter wheat crop from private experts, to be followed later by e official report from the Agricultural Department at Washington. asmuch as weather conditions during May have been highly favorable, assume that all estimates will be considerably raised.

A little later the crop movement will start in larger volume. s time goes on, stocks, which have been decreasing now for months in e visible supply, will increase again, hedging sales will have to e absorbed, and if the accumulations should turn out to be as large s we anticipate, we shall have continued good carrying charges. It ill be well for any trader not to look at the price of July wheat lone, but also at the price of December wheat, having in mind that y wheat next year will probably sell about 4¢ a bu higher, in which se thefarmer who holds his wheat instead of selling it to the govern-ent might get more than the loan price, unless the latter should e higher than we expect. A number of conferences were held in shington regarding the possibility of wheat loans which are ex-ected to be inaugurated with the current wheat crop. Representatives the Millers' National Federation, officials of the Agricultural ministration, and the Commodity Credit Corporation met yesterday. l sides expressed their views, but as far as we could learn no efinite conclusions have been reached, and as far as the trade in eneral is concerned, everyone is still entirely ignorant of what the inal decisions are likely to be.

Weather conditions in the main continue to be ideal, crops every-here are making satisfactory progress, and unless subsequent weather unfavorable we see no inducement at this time to buy wheat at resent levels in view of the approaching crop movement.

This view must be pretty general as indicated by the steady de-rease in the open interest; total commitments of wheat yesterday ere only 64,010,000 bu, and 1,394,000 bu less than they were the day efore.

Primary receipts of wheat today were fair --497,000 bu compared ith 646,000 bu a week ago, and only 209,000 bu last year. We ex-ect only a very moderate decrease in the visible supply.

At the close the July wheat showed a decline of 3/4¢ per bu, and e September 5/8¢ per bu compared with yesterday.

Corn receipts continue to be very large --1,298,000 bu versus 70,000 bu the previous week, and 467,000 bu a year ago. As long as is heavy movement keeps up we expect a steady market, and advances

(O V E R)

will be difficult to hold. However, we must bear in mind right along that this heavy movement may drop off sometime, but we feel quite confident that the export demand will continue in view of the short Argentine crop. Later on this may impart greater strength to this cereal, particularly should growing conditions with a reduced acreage be a stimulant to sentiment. Of course, compared to wheat the price of corn looks rather high, and ordinarily the difference between the various wheat and corn futures is much wider.

UHLMANN GRAIN CO.

As stated yesterday, because of the fact that many leave their offices immediately after the close on Saturday during the summer months, we will not issue a market letter on Saturday unless something happens.

DAILY MARKET LETTER

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO May 31, 1938.

While our session was closed yesterday both Liverpool and nnipeg markets were extremely weak, but there was some recovery day from their low quotations of the previous day. When we refer the Winnipeg market we do not include the May future, which ex- ed today, and which kept extremely strong, but this is largely due special conditions,and apart from the more-distant futures which e influenced by new crop prospects. At the close today Liverpool tures showed a decline of 5/8 to 1 5/8¢ per bu compared with turday, and which is less than our break since their Saturday's ose.

In the interval Italy had been a very heavy purchaser of wheat om various countries, which lends confirmation to the belief that e will have to import very much larger quantities from now on; ssibly during the next twelve months from 50 to 75 million bu more an during the 1937-38 period.

In North America there were very heavy rains over many ctions of the Southwest. There are some fears that they might undesirable in some sections where the crop is very far advanced, d where they might delay early harvesting. However, undoubtedly, ey will be of great benefit elsewhere; Nebraska, for instance, ports they now feel assured of a very big crop. We also feel nvinced that the late moisture in the spring wheat territory, as ll as in Canada, will be of inestimable value.

Taking a broad view of the outlook in total, we do not think have any reason to change our mind that North America is likely produce one of the biggest crops in history. A private report me out today by James E. Bennett & Co., compiled by their statis- cian, estimating a production of winter wheat of 804 million bu, 50 million bu larger than the last government statement, and a ring wheat crop of 251 million bu, or a total for the United States 1,055,000,000 bu. We consider these figures as reasonably con- rvative, and believe they will be confirmed by other private ex- rts on Thursday, and later on by the Agricultural Department.

Basing our calculations on these estimates and assuming that e United States wheat crop will finally be approximately 1,055,- 0,000 bu, and adding 200 million bu for carryover on July 1st in e United States and Canada, and 300 million bu for probable yields Canada, we will have to deal with a total quantity of 1,555,000,000 . We consider it quite likely that on present acreage in Canada e crop might be much larger, but with all the uncertainties which ve to be met yet we would rather make an under-estimate than an er-estimate. Allowing for consumption for all of North America 775 million bu, there would be a quantity of 780 million bu in cess of domestic requirements. We do not think it likely that a ximum of 300 million bu will be wanted abroad from North America-- obably a great deal less. So in any case, the carryover on July 1st, 39, would be about 480 million bu or 280 million bu more than this ly. This year European and non-European nations will import about 0 million bu of wheat, but with the lower prices, and with the alian crop below normal, import requirements might be 575 million the coming season. If North America would export 300 million bu, would leave only 275 million bu for other countries. With anything ke a normal crop in the Southern Hemisphere she could easily supply 0 million bu; prospects in the Balkan states are very good, and so ey are in Russia. We believe that in case of necessity about 350 llion bu might easily be supplied from other sources.

So taking it all in all there is the outstanding fact that ere will be an over-supply of wheat such as we have not seen in ny years, if ever before. In former years it would be easy to edict that prices would be extremely low, and we think even now it safe to assume that world's prices will suffer considerably when ops start to move and when keener competition takes place amongst e various exporting countries. However, great efforts will be made

(O V E R)

here to prevent too sharp declines either through loans, or otherwise. There is also the possibility that the Canadian Wheat Board will fix a minimum price. Therefore, it is difficult to tell just what these interferences will do to normal fluctuations, but yet it is our impression that finally we cannot escape the repercussion if foreign buyers, who know the situation, will refuse to buy except at a price which they consider justified by the large quantities available. They always know that sooner or later this great surplus will have to be disposed of.

Primary receipts were quite fair --753,000 bu for two days compared with 413,000 bu last week, and 423,000 bu a year ago for two days. The visible supply decreased 2,156,000 bu, which is a little less than last week when it shrunk 2,321,000 bu, but more than last year when stocks declined 1,713,000 bu. The total now is 30,239,000 bu, and we look forward to decreases yet for another few weeks when they may be a standoff for a week or so, and then increase heavily. We are starting to buy some new wheat in Texas for shipment about June 10th; therefore, hedging sales are dribbling in in small quantities. However, they will not assume large proportions, in our opinion, for two or three more weeks.

Corn receipts continue to be heavy --1,584,000 bu, but they seem to be very well absorbed; as a matter of fact there was a decrease in the visible supply of 5,784,000 bu for the week. Since opening of navigation about 26 million bu of corn were shipped out of Chicago --a movement probably larger than anyone had ever seen before. We expect a continued good export demand, and, therefore, feel entirely different about this cereal from that of wheat. While receipts are so large it probably will be difficult to boost prices as long as they last, yet unless another large crop comes on the market next year corn has possibilitas later on. In the meantime prospects seem to be favorable for development of the plant, but much might happen yet.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 1, 1938.

The Liverpool market shows a very steady undertone now, and heir futures closed from 1/4 to 3/8¢ per bu higher than the previous ay.

Italy, which had been a very small buyer of foreign wheats uring the past eleven months, is now entering the market with purhases of very large quantities. That country took the past two days cargoes, of which 7 were Australian, amounting in total to about million bu. The inference naturally is that either the old stocks emaining must be very small, or they are really much concerned about he poor crop outlook in Northern Italy; and it is safe to assume hat Italy this coming season will buy much more heavily and that otal import requirements of all countries should be much larger han during the present season.

As far as the United States is concerned, few now doubt that he winter wheat crop will be a very large one, and whether the inal result will show 25 or even 50 million bu more or less, will ut no figure, provided the spring wheat crop comes through all right. t the present time there are no complaints at all from the Northestern territory, where the bulk of the spring wheat is raised; nd Canada also sends very favorable reports. There are some adices from Russia which are less favorable, frost reported as amaging the crop in the North and East, but in important sections f the South, where most of the wheat exported is produced, it is arm and favorable for growth. Conditions for Europe as a whole how but a trifling change from a week ago.

Chief interest centers at the present time on what the farm oan price will be; also how that portion of the crop which will be andled by government agencies will be distributed over the various erminal markets; furthermore, how many farmers will take advantage f the loan situation, and not put their wheat on the market. ertainly it will make a very big difference in the price, at least emporarily, should the government own or control millions of bushels f wheat which would not be hedged, and, therefore, exert no pressure n the market for the moment. Until more is known in this respect, t is absolute guesswork what wheat will be worth under the circumtances. Of course, one can easily see limits either way. With so uch wheat available, it is not likely that prices could ever rise ery much, particularly as in that case farmers, as soon as they ould make a profit, would sell their wheat above the loan price, hereby taking advantage of the favorable situation. On the other and, great depression prices are not in sight either, because the ower the values, the more wheat will be stored under the Agricultural ct, and by that much the burden of carrying the wheat will be reduced. ne must therefore confine one's opinion to the present and await uture events before formulating plans as to the best method to perate. This refers to the consumer, as well as the miller, peculator, trader, etc.

At the moment, under the circumstances, we are not looking orward to any very sharp fluctuations. If our assumption is correct, t is not likely that the loan price will be much above what can be ealized now at terminal markets, particularly where farmers have heat of choice quality and can obtain premiums for certain grades. t is quite possible that one's patience will not be taken seriously o task, as we expect some announcements very shortly. This, in our pinion, is absolutely necessary, as otherwise wheat in certain secions would have moved already, the way it is starting in Texas. here were several cars of new wheat received at Fort Worth yesterday, nd we ourselves are making daily purchases now for as early shipment s June 10th and 12th; with every day this movement will be enlarged.

Chicago has a comparatively large stock of wheat for this eriod, about 7,400,000 bu. As a general rule the month of June is ather a poor month for marketing wheat to mills from here in large uantities. Wherever repairs are necessary on part of mills, they

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prefer to make them at this time so as to be ready for the new crop. Then again, there is no great inducement for those who are located close to a farming district to buy much wheat here, pay freight on it; and in a short while they are likely to buy it from the farmer at Chicago prices, less freight. We, therefore, should not be surprised if we should enter the month of July with fairly liberal supplies. This might be a great inducement for elevator concerns to make deliveries on July contracts, particularly if the situation should develop by that time so they can replace the wheat to better advantage, provided it would be shipped out.

This would have a decided tendency to widen the spread between July and September wheat, and later on, we also expect a widening between September and December wheat. The actual storage charges for carrying the wheat for the two months, July and August, would be 3¢ per bu, to which interest and insurance would have to be added. However, the latter charges are very small. The storage charges between September and December would be equal to 4 1/8¢ per bu. Full carrying charges, however, are only obtained when there is a great excess of supplies, or a very poor demand.

Primary receipts were lighter today --333,000 bu versus 385,000 bu last week, and only 134,000 bu last year.

At the close our July wheat showed a decline of 1/4¢ per bu, and the September 1/8¢.

Corn receipts continue to be large --1,868,000 bu today compared with 367,000 bu a year ago. However, shipments were equally big amounting to 1,795,000 bu. We believe there will be periods when receipts will drop off, but when the demand will continue. The European requirements will be such in view of the small Argentine crop that they are bound to come to this country for corn right along. In all probability we shall have a reduced acreage, and a larger feeding demand, as the amount of hogs is supposed to increase this season about ten per cent; furthermore, we are likely to have crop scares the latter part of June as usual. Therefore, we consider corn prices low enough for the present.

UHLMANN GRAIN CO

DAILY MARKET LETTER

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NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 2, 1938.

Southwest weather was clear and temperatures were ideal this morning for the best development of the plant, and this following several days of precipitation was welcome. It seems that almost since the crop started growing we have had numerous scares, although not as many as in other years when the outlook was much poorer; however, some people in the trade must have been a little surprised this morning, when the private estimates on both winter and spring wheat made such a very good showing.

Taking the total United States wheat crop, the average of all experts estimated the production at 1,077 million bu, or the largest on record. The previous largest crop was in 1915, when we raised just slightly over one billion bu. With the assurance now of large yields, and a carryover of 200 million bu, or rather close to that figure, it is difficult to figure out in our own minds what price should finally discount such a situation.

This morning early quotations at Liverpool were very strong, influenced by the late advance at Winnipeg yesterday, where July wheat closed at the 5-cent permissible upward limit. This naturally brought about higher offers for Manitoba wheat, and with also a moderate Italian and United Kingdom demand, two more Australian cargoes being taken, there was considerable pre-holiday covering abroad until about the last, final quotations being 1 1/2¢ higher for the July delivery, but deferred months advanced only 1/8¢ per bu.

In our opinion the all-important feature is the large impending crop, but, of course, until we know just what measures the government will pursue in the way of a loan price, one must reserve opinions as to how the price structure will be affected.

Mr. Murray estimates the probable Canadian spring wheat crop at 340 million bu, which is also a very large yield, and if attained would prove about the largest since 1932, when that country raised 428 million bu. Of course, it is foolish to make a comparison with last year's harvest, because they had a failure crop and only 164 million bu for the three western provinces were harvested. The average, however, from 1931 to 1935 was 308 million bu, so that it can be seen that the present outlook is considerably above normal; and, of course, with moisture conditions such as they have been it could hardly be otherwise. At the present time the old-crop future in Canada is very fancy. There are only slightly more than 32 million bu left in that country, not including stocks in farmers' hands, and this is 26 million bu less than last year. Therefore, it makes commitments in Winnipeg July wheat rather risky, despite the very high price. Of course, with the tremendous difference between July and October wheat in that market only necessary requirements will be purchased, particularly if conditions surrounding the new crop remain favorable.

According to Sanford Evans, seeding in the Prairie provinces is almost completed, and conditions as a whole are the best in several years. He points out that in Saskatchewan it is difficult to locate districts where conditions are not better than last year at this date; in Alberta, with the exception of the northern and Peace river country, there is a better condition than the previous year. Wheat now averages six inches in height in Manitoba, four inches in Saskatchewan, while in Alberta it is from three to four inches high; growth on the whole is even with very few stations reporting otherwise.

There was no important export business overnight aside from some small lots. Europe, of course, watches the Italian buying, which is bound to be a factor this coming season owing to their poor crop, but yet with a better outlook in France, big crops in North America, and satisfactory seeding conditions in Argentina, it looks as though prospective supplies would be more than ample. Buenos Aires reports

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that since the first of the year rainfall has been well above normal over most of the country, while intermittent rains during the past few weeks have assisted germination of the early sown seed. No doubt, many farmers, whose corn crop had been poor, are anxious to recoup at least partially, and we are looking forward to at least a normal acreage in that country, while Broomhall figures that efforts are being made to increase it.

Primary receipts today were rather small at 302,000 bu compared with 467,000 bu last week, and 220,000 bu a year ago. So far this week stocks at Kansas City and Minneapolis show a total decrease of 176,000 bu.

When the market closed July wheat showed an advance of 5/8¢ per bu, with September 1/2¢ higher. There has not been any widening tendency yet in the carrying charge, but possibly this will be delayed until we come closer to the movement.

Corn was higher. There seems to be a better feeling in this cereal; the export demand keeps up pretty well. At the moment receipts are considerably smaller than they were a week ago, and undoubtedly with farmers busy in the fields they will not haul as much grain to market.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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141 W. JACKSON BLVD.

MEMBERS:
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DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 3, 1938.

There are a great many conflicting factors that confront grain traders at the moment, and while the crop prospects remain extremely reassuring, it is a fact that in this country there is no pressure as yet, nor will there be much until the movement starts in earnest. Probably the few cars that are arriving in Texas are being consumed either by the local milling industry, or else are offset by the small export sales being made. However, in reflecting a little further over the figures that were released yesterday, we have come to the conclusion that a crop of 1,077 million bu for the United States combined with a crop of 340 million bu in Canada, would give us combined supplies of 1,417,000,000 bu. If we deduct from the latter figure the normal consumption of 775 million bu for the two countries, it will be seen that we shall have 642 million bu, either to be exported or else to be carried into the 1939 crop.

On basis of what is known today, it is highly unlikely that North America will be called upon to furnish more than about 300 million bu for export during the coming season, and if this is correct then it also follows that we shall have nearly 350 million bu to add to the carryovers of United States and Canada one year hence. With this in mind we cannot become very bullish, even at these levels. Europe apparently ignored the crop reports of yesterday, or else believed that for the time being other factors were more important. Liverpool closing quotations showed advances ranging from 1 7/8 to 2¢ bu, and the fact that Winnipeg July wheat had advanced yesterday about 4 1/2¢ undoubtedly created a sufficient scare abroad to make shorts cover prior to the Whitsuntide holiday. The demand in the U. K. is still extremely quiet, although there was a fair inquiry reported today for Australian wheat, but not much business put through, so far as American hard winters were concerned.

In trying to determine what is likely in Winnipeg July simply as it may relate to Chicago futures, we figure that with the comparatively light trade up there, erratic swings both up and down, are likely. Nevertheless, there is talk that possibly six million bu of wheat could come from the farms during the months of June and July, and this, together with supplies tendered in May, may not find too broad a market either at home or abroad. Therefore, we can picture quite a different outcome for the old crop month than exists at present. We have seen so often that where longs try to calculate on the exact amount of wheat remaining on farms they are often misled by the remaining bushels to be marketed. In other words, when the broom sweeps the old supplies, there is often a little more found in bins than had been counted, and we are convinced that with the very high premium of the nearby month over October farmers will not wish to carry much wheat into the next crop. Should there be any decided break in Winnipeg July, it would, of course, be reflected somewhat in our futures, and we believe this is something that must be watched.

Shipments this week from the Argentine were 1,425,000 bu--almost double that of last week, and this compares with 2,711,000 bu last year. Australia put a little over two million bu afloat and clearances from that country are assuming smaller proportions.

So far as European weather is concerned, it is said that the French wheat crop is doing well, aided materially by warm, showery weather. The condition of winter wheat crops in Russia is reported as mostly good, particularly in the Ukraine, although there is need for rain for the spring wheat in the Volga region. Weather in Northwestern Europe is cool and elsewhere warm, while mostly fine conditions prevail in Russia.

Primary receipts today were 315,000 bu as compared with 497,000 bu last week, and 145,000 bu last year. Stocks at Kansas City, Duluth and Minneapolis so far this week show a total decrease of 471,000 bu. This suggests another fair decrease in the visible on Monday, and will compare with a shrinkage a year ago of 2,110,000 b

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Early in the session our market showed only fair response to the strength at Liverpool, and in fact inclined somewhat lower after the opening because of the break at Winnipeg in their July future. However, Winnipeg was very erratic and rallied over 5¢ from the low point, carrying our prices up in sympathy to the best level in several days. There were also some reports from Kansas that were not quite as flattering on the crop, but the way we size it up the margin of leeway is sufficient, even if we do not get quite as much as recent figures indicated, that there will be no great harm done, nor will it change the picture materially.

At the last July wheat showed an advance of 1¢ per bu, while the September was up the same.

Corn was helped a little bit by the better tone in wheat, but the primary movement was larger than yesterday with nearly one million bu at all markets, or twice as much as last year. Bullish enthusiasm was not pronounced in this cereal.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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141 W. JACKSON BLVD.

MEMBERS:
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DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 6, 1938.

A rather extended holiday was still being observed in European rkets, and as a result, hardly any export business was reported from is side so that we had neither inspiration from abroad, nor cables guide us during today's session. The market depended mainly upon op observations and these were rather numerous as a great many people d gone into the country over the week-end to make their own in-ection. Toward the end of last week we heard considerable talk of me deterioration and from what we gather there are undoubtedly rritories where the early promise of tremendous yields will not find lfillment. At the same time, in districts of Oklahoma and Kansas, ere threshing is being carried on now, it may be that early rieties were damaged by frost, and simply because yields are light those sections it does not indicate that the later returns will as poor. Therefore, we believe it is too early to become alarmed, d would prefer to believe that there has been nothing serious ough in the weather since the crop experts made their last forecast bring about any general or tremendous reductions in the outlook.

Commenting on the rust situation, the Department of Agriculture, its weekly report, said that little change has occurred in the em rust situation, most of the wheat in Texas east of the high ains being either ripe or in hard dough, and that stem rust in neral is not causing appreciable damage, except in a relatively all area near Denton. Rust was still light in Oklahoma during the st week in May, and there were relatively small amounts in Kansas d only occasional fields in which it could be found in Missouri--em rust has not yet been found north of Kansas and Missouri. We gard this as much more optimistic than some of the trade reports, t also have in mind that bad news travels more quickly than does od news, and that, therefore, we may be receiving a few messages om the bad areas which are more magnified than the many good dis-icts which are probably not making as many broadcasts about main-nance of condition.

An elevator man, who has stations in central Nebraska, western braska, eastern Colorado, northwestern Kansas, advised us that his n have found some red rust, but do not believe that it will do any mage. In fact, they are looking forward to big crops.

We still want to remember that within two or three weeks hedging essure will become the important factor, and after the recent short vering which has been on a big scale, we wonder whether the market ll be in position to absorb the selling at present levels. The uthwest flour business improved greatly during the past week, the lume being termed as the heaviest in many months and was probably spired by the first sustained upward movement in wheat futures, d possibly also, the reasoning on part of bakers that it might be udence to lay in moderate supplies while wheat was near the 70¢ level.

Primary receipts were quite fair today at 455,000 bu. There was holiday last week, but a year ago 258,000 bu were received. The sible supply decreased 2,235,000 bu, with a total in all positions w 28,000,000 bu. This is about 15 million bu greater than last year, t still a rather small quantity, and shows that there can be but ry little pressure upon the market right now, but a change will come e moment receipts from the new crop start moving in commercial antities.

Trade was more quiet than recently, possibly the holidays abroad ving some influence. At the last July wheat showed a decline of 4¢ per bu, while September was 5/8¢ lower.

When Liverpool opens tomorrow they will be influenced by the gher prices that prevailed in all North American markets since last ursday. On the other hand, cash wheat premiums in Winnipeg today re reported 5¢ per bu lower, but we do not expect any sharp decline road until there is more pressure to sell from North America.

Corn was fairly weak. The visible supply showed a smaller de-ease than last week, the actual figure being 1,311,000 bu. There is ill an excess of 20 million bu in total supplies over a year ago, but th the more or less steady export trade, we do not look for any eat weakness unless it should come in sympathy with declines in wheat.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 7, 1938.

Today's market will probably be characterized as having been etremely nervous, but the truth of the matter is that there were obably some nervous operators, who were temporarily responsible r the fluctuations. We believe that short covering took place on rather extensive scale, owing to overnight developments.

First of all, it was reported that there had been a rather zable flour business consummated, and this necessitated the reval of hedges from the market. Secondly, there was the fear that en the loan price would be announced that it might be at a higher gure than the trade had been counting on. However, from the best formation we have, Washington has not taken any decided action yet, d we believe that the conferences which are taking place are of ch a nature that all of the news is being reviewed, and that thing definite has been determined. Secretary Wallace, and his le staff recognize that a large crop is in prospect, and undoubted- this will be an influence because it is the desire, as we underand it, that ordinary trade channels not be interfered with, but ther that the export business be permitted to continue normally. is, of course, can only be done if we are ready and willing to meet mpetition.

After a lengthy holiday period abroad Liverpool reopened this rning, and advices from the other side were somewhat discouraging. verpool closing prices showed declines ranging from 1 1/4 to 1 3/4¢ r bu. The comparative weakness was due to lack of demand for stralian wheat in the U.K., as well as on the Continent. Also ofrings from North America met with very little demand; later on we d a private cable from Antwerp telling us that the market abroad uld be easily influenced downward. There were free offerings from ssia, shipments taking place both from the Black sea and from the ltic of the best quality wheat. It must not be forgotten that so r on the crop Russia has shipped slightly over 40 million bu of eat, and apparently with good prospects more will come from that untry.

In addition to fears on the possible loan price, there were so a good many reports of deterioration, but we have our great ubts as to how serious these are. Take the State of Oklahoma, where great many observers had reported and found rust and plant disease, c. during the past few weeks, the State Board of Agriculture anunced late yesterday, that despite the early predication of serious mage to that State from rust and freezing, the wheat crop prospects e so good that indications point to a harvest of 72,562,000 bu, which up 10,366,000 bu from the May first estimate of the Crop Reporting rvice, and that practically all sections except the extreme Northst and Southwest counties while complaining of too much moisture ring May, held up remarkably well. Cool weather is favorable for e crop, and we are of the opinion that to a greater or lesser dee similar conditions exist elsewhere.

The foreign crop summary of Mr. Broomhall is on the whole tremely optimistic. In France, trade circles are talking of a wheat op around 312 million bu, which is well above normal needs, and uld compare with last year's harvest of 254 million bu. In Germany, ospects have improved following the recent good rains. Russian nditions are favorable in most sections; while in the Balkans, ring grains are in need of moisture in places, although moisture pplies in the winter grain areas are reported to be very good. The portant country which will fall below normal is Italy, and obrvers are of the opinion that the crop will be below 220 million bu, t rains have benefited spring grains, and an outturn somewhat above at figure may be realized --last year's crop totaled 296 million .

In another few weeks hedges will make their appearance in mmercial volume, and these will afford a balance wheel so that

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likely markets will be less nervous.

Little is heard now of Canadian prospects, although the Bank of Montreal stated today that the favorable crop conditions with which the season began throughout the Dominion have continued, and such setbacks as have occurred are local and limited in character.

Primary receipts today were rather light at 375,000 bu compared with 753,000 bu a week ago for two days, and 247,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a total decrease of 194,000 bu.

At the last our July wheat showed an advance of 1 7/8¢ per bu, and the September future closed 1 3/4¢ higher. We practically ignored the weakness abroad except for a few minutes after the opening. However, other North American markets were not up as much as we were, which leads us to believe that today's buying may have been somewhat local, and very likely largely in the way of short covering.

Trade in corn was rather dull, no particular feature being reported, but early cables spoke of an absence of export demand. Primary receipts were 911,000 bu. We do not believe there is much trend to this market at the moment.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 8, 1938.

At this season of the year, grain markets, both in this coun-ry and abroad, are without much of a balance wheel. Importing ountries are nervous knowing that they depend upon the crop prospects rom the exporting countries, and this is particularly so at the resent time when buying is on a more or less hand-to-mouth basis, hich means that if adverse crop news appears suddenly, importers re at the mercy of the seller. In spite of all the talk in ngland that large supplies were being placed in reserve as a pos-ible insurance during wartime, we find that since the beginning of ugust, to date, Britain has actually imported 11 million bu less heat than last year and approximately one million bu less flour, r a total of 12 million bu. Since crops in England do not vary a reat deal from one year to another, and since consumption is a airly stable quantity, we must assume that they have sufficient aith in the future that they are not buying very much ahead of their ctual needs.

Therefore, it was not surprising, with the many reports that ere circulated in this country yesterday, that Liverpool should ave been somewhat frightened this morning. Actually we question hether they were really as scared as one would imagine at first lance. Closing wheat prices today showed an advance of 1 7/8 to 1/8¢ per bu, but this was hardly more than the severe decline of esterday when a firm cable had been looked for following North merican strength during the Whitsuntide holiday. Broomhall said he buying of futures abroad was influenced by the less favorable eports from the American winter wheat territory, and also, the pur-hase by Italy of two Australian cargoes afloat. We presume the umor which was current here had also been cabled abroad; namely, hat a high loan value might be set under the Agricultural Act, but rom the best information available in Washington this morning, we ee no foundation for any such fears. The officials of the AAA, as ell as the Secretary of Agriculture, are still giving serious con-ideration to a wheat loan which would place the base rate at the egal minimum and scale the loans downward on a system of differen-ials to a bottom considerably lower than the rates established n the 1938 Farm Act, according to information late last night. To ake this a little clearer: Since the parity is now around $1.15, nd expected to remain at about that level, it would mean a basic oan rate of about 60¢ a bushel, but it is then a question whether price finally set would apply to wheat on farms or at terminals. t is now being proposed that the loan rate would be scaled down-ard depending both upon the grade of wheat and the distance from he market. Therefore, trying to read between the lines of an rticle appearing on the broad tape, it might be possible at some ountry points for the loan rate on a particular type of wheat at a articular location to be well below 52% of parity. This was quite different construction from the one had by some operators yes-erday, although even now it cannot be learned whether any legal pinion on the plan has been made, but in any event, we are con-inced that no definite conclusions have been reached.

There are still a great many fears being expressed that the ields in our winter wheat sections will prove disappointing, as ompared with earlier estimates, but wherever the human element comes n, fear is always present, and to a certain extent should be dis-ounted, because even the official reports make some allowance for ormal deterioration up to the period of maturity. For that reason, ach month that the plant survives, the par rate is raised upwards, ust as mortality rates are figured by insurance companies: namely, hat a human being each year that passes enjoys a better chance of eaching old age. We, ourselves, do not consider that a few mil-ion bu one way or the other will be sufficiently important to be a actor, since in any event it looks as though we shall be blessed ith a very substantial surplus.

The government weekly crop report on the whole is very favor-ble. Progress in the condition of wheat ranges from fair to

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excellent in the Ohio Valley, with the crop filling well in most sections. Harvesting has begun northward to extreme southeast Kansas, while the crop is ready to harvest in southern Kentucky. Favorable weather for maturing was noted in Kansas with conditions now fair to very good, although damage is showing from late spring frost, leaf rust and wet weather. In about two weeks, harvest is expected to be general in the eastern two-thirds of this state. We received a message this morning from a party in Hastings who had traveled 200 miles yesterday, where the crop last week looked very sick due to red rust, but this same territory now is very promising and all the wheat is headed out with very little sign of red rust; also, there is no sign of stem rust and farmers are very optimistic.

The wheat crop in Australia turned out much better than early indications and is now officially estimated at close to 187 million bu. This is a fair upturn from the previous estimate and compares with last year's outturn of 150 million bu. The report also states that the acreage this year is not expected to be less than last year, and this varies from the private reports, which indicated a probable decrease of between one and two million acres. Recent moisture has lessened the complaints of dryness for the time being in New South Wales, while in Southern Australia and Western Australia, conditions are quite good. In order to determine what the export demand might be next season, we glance at what has happened so far on this crop, and find that since August 1st, shipments to Europe are 78 million bu smaller than in the previous season, while to ex-European countries they are 19 million bu less. Of course, it must be borne in mind that a year ago we had imported nearly 29 million bu to date, while at the present time we are an exporter. The Department of Agriculture is somewhat pessimistic in its outlook, and figures that during the coming season we may only ship abroad about 50 million bu, probably having in mind that a good crop in Canada will place that country more prominently in the export column and afford heavy competition to us after next October.

Primary receipts today were 248,000 bu --slightly less than last week, and also last year. So far this week stocks at Kansas City and Minneapolis show a total decrease of 347,000 bu.

At the last July wheat declined 1/2¢ per bu, and September was 5/8¢ per bu lower.

There was no feature of importance in the corn market, and trade was very light.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 9, 1938.

Early in the week there had been a great deal of apprehen-
ion as to what might be expected when loan rates were set under the
gricultural Adjustment Act. While everyone has known vaguely that
the forthcoming wheat crop the price loaned to farmers might
ange anywhere from 60 to 86¢ per bu, it has notbeen knownwhether
ch a price would refer to wheat at terminals, or whether the base
te would be lower when the loan was made at considerable distance
om central markets.

It was mentioned yesterday in a news dispatch that in
stern Kansas, for example, the loan might be as low as 40 or 45¢
ushel. However, confirmation is lacking from Washington, and it
ll probably be a week or so before any definite statement is made
blic.

The trade, however, cast aside practically everything today
cept damage reports which came from rather wide-spread areas in
nsas, and several crop experts were rather pessimistic in their
ews. One of them in particular was of the opinion that the prospect
d gone back heavily during the latter two weeks, as the result of
rlier freezes, and he claimed that the straw was breaking down,
hich is something that in our experience has hardly ever been much of
market factor. Therefore, we are willing to sit rather quietly
the sidelines for further developments. There is no doubt in our
nds but that some scaling down of the Kansas figure will become
cessary, particularly in fields early harvested, but there are
ill places where experienced farmers and ranchmen believe that
ey will get an average of 20 bushels per acre. Consequently, we
e wondering if not too much attention is being paid to the bad news
thout regard for the better areas. After all, more than 50 million
res were standing for harvest when the last government report was
sued. Kansas itself had over 15 million acres; therefore, it would
t take a very heavy yield per acre for that State to produce any-
ere from 175 to 185 million bu, and anything smaller would almost
a calamity. There was nothing in the State report yesterday from
nsas to indicate any real alarm. We would imagine that when the
vernment report is issued tomorrow that should anything drastic
ve occurred the Department of Agriculture would take cognizance
it, because even while the report is based on conditions as of
ne 1st, they might make allowance for better or worse weather for
few days after the figure had been compiled.

With cables from abroad showing greater strength than had
en expected, Liverpool advancing from 3/4 to 2¢ per bu, there was
decided upward impetus here, many shorts covered; in fact, con-
derable investment buying was reported.

In spite of the fact that Europe has been apprised of
terioration in this country, the export demand was rather quiet,
d not much new business was reported from this side. England bought
few cargoes of Australian wheat, and likewise Italy took a cargo,
ich probably meant the removal of hedges at Liverpool. This we
lieve was the reason for July wheat in Liverpool being the strongest
nth.

European crop conditions remain good. The official report
France increased the yield from 312 to 324 million bu, which is
out the largest crop in four years. It is thought that the crop
turns in Germany are likely to be adequate, despite the early pro-
nged cold weather; while in Czecho Slovakia, and in the Balkans,
nditions are being maintained and are stated to average from good
splendid.

(O V E R)

There is not much pressure upon European markets right now. Russia this week shipped 480,000 bu of wheat, and India 321,000 bu. The estimated Argentine clearances are 1,286,000 bu, or slightly less than a week ago.

We have no doubt but that more or less erratic markets will continue with a good deal of nervousness for the next two or three weeks until the story is more accurately told by the threshing machine. This is generally a check on observers who do their best in trying to size up conditions, but, of course, wherever the human element comes in uncertainties are bound to occur. This is the reason why we find such wide variations even between crop experts themselves in trying to determine the likely production during any season.

Primary receipts today were 259,000 bu, which was rather light, and compares with 302,000 bu last week, and 252,000 bu a year ago. Stocks at Kansas City and Minneapolis decreased 528,000 bu so far this week, and as we have felt right along decreases in the visible supply will probably continue for possibly three or four week yet before heavier receipts turn the tide.

At the last our July wheat was very strong, closing 2 1/4¢ per bu higher; September wheat at times lost a little ground, possibly back-spreading taking place, but even this delivery advanced finally 2 1/4¢.

There was not a great deal of trade in corn, nor do we hear of any sizable export demand; prices were firm, but responded rather poorly considering the sharp upturn in the leading cereal.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 10, 1938

The carryover feeling from yesterday was sufficiently bull ish to give us a higher opening, and local traders were inspired by the damage reports which have been sent out yesterday, ignoring comparative weakness at Liverpool, where closing prices were only 1/2 to 1¢ per bu higher, despite our sharp advance Thursday. It has been somewhat disappointing of late that Europe has not taken more of our wheat, and the demand again today was almost negligible. However, Australian wheat was bought and since December 1st, shipments from that country have been slightly more than 93 million bu against 71 million bu same period a year ago. Shipments this week were particularly heavy -- 4,365,000 bu having been put afloat, versus two million bu last week, and 2,285,000 bu a year ago. We also had a private cable from our correspondent at Sydney, who advised us that seeding was completed, acreage larger than previous season, and moisture satisfactory. With demand for North American grains so light, it almost immediately had its effect upon Canada, particularly on the July future, and early quotations there responded poorly. Canada reported beneficial rains which came in districts where wanted. In Saskatchewan, former drought areas received a plentiful soaking of drenching rains throughout most of the south central and north central sections, while in Southern Alberta, rains were moderate to heavy, but clear in the North. The Provincial Agriculture officials stated that the moisture would help materially, although it was not nearly enough.

In any event, many of yesterday's buyers seemed somewhat less aggressive as the session went on, particularly as crop reports from the Southwest were no worse than yesterday. In fact, some districts sent in more reassuring news.

In trying to analyze the situation, we believe it is necessary to understand Kansas, which has the biggest acreage of any single state. The western section has about four million acres, which seems likely to average about 14 bu per acre, and would give us a crop of 56 million bu. In the central part comprising about eight million acres, we figure that 10 bushels per acre would give us 80 million bu, while in the eastern section with three million acres, and figuring 14 bu per acre would make 42 million bu, or a total of 178 million bu. Even figuring rather low as we have, it does not show a very great reduction from the last government report. This afternoon we shall have a fresh estimate when the Department of Agriculture gives us figures as of June 1st. Probably the worst hit section in Kansas is the south central area, comprising Reno, Harvey, Kingman, Sedgwick and Sumner Counties. This takes us practically into Northern Oklahoma, where also some damage was sustained, but in the main areas we do not hear of many complaints; in fact, we have one advice today from a reliable party at Coldwater, Kansas, that wheat was filling well, and with continuation of present weather, which was cloudy and cool, the plant would ripen fine, and he thought that harvesting would start in that district in about ten days. He also stated that all the wheat which he had observed was in good shape. Those territories appear as though they would make 25 to 30 bushels to the acre. Therefore, it will be seen that estimates at this time are still difficult to determine with any degree of accuracy.

At the same time, we recognize that pressure upon the market is extremely light. In fact, our visible supply will continue to show decreases for several weeks yet, which means that hedges are removed, and that whenever buying takes place, purchases must probably be made from another holder. This explains to some extent why erratic swings occur. By about the 25th of this month it will be quite a different situation, with hedges coming in commercial quantities.

(OVER)

So far as Europe is concerned, the same tenor of news exists. Italy keeps taking some Australian wheat for June shipment, and during the past two weeks, they have bought close to four million bushels. Later on, that country will be able to get more of its supplies from Czecho-Slovakia and the Balkan countries. Barring extra requirements that may be taken as a reserve against war, we do not look for any unusual demand from the other side.

There was some moisture again, rather scattered, over the Southwest, with more likely tonight and tomorrow, but the combine machine makes the danger of a wet harvest less of a factor than in previous years. In other words, the farmer does not have to wait for the harvesting machine to arrive at his door when possibly his wheat is being damaged in the shock. We do feel, however, that a spell of dry weather would be of great benefit.

Primary receipts were very light at only 292,000 bu, which was just the same as last year, and compares with 315,000 bu last week. Stocks at Kansas City, Duluth and Minneapolis show a total decrease of 834,000 bu; this suggests a fair decrease in the visible supply on Monday compared with a shrinkage last year of 1,952,000 bu.

At the last, July wheat was unchanged; September also fluctuated in about the same proportion, ruling about 1¢ premium.

Trade in corn was light, yesterday's volume being slightly under 3 1/2 million bu, and we do not believe that there was any expansion in the business today.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 13, 1938.

Strange as it may seem some of our most excited markets are a Saturday when there is a shorter session than during the week. ther this is due to the fact that some people are vacationing, ch makes thinner markets and wider swings, or whether because rators think they have less time to act, we do not know. It was act, however, that last Saturday great excitement prevailed here. p reports from the Southwest were mostly pessimistic, and we be- ve that a good many shorts covered in haste not knowing what fur- r developments there might be over the week-end.

We can generally depend upon the less emotional Englishmen to e us the benefit of their reasoning; this was the case this morn-, with Liverpool prices closing only 3/4 to 2¢ per bu higher, pite the much sharper advance that took place in North America Saturday. In a sense this can be understood, because buyers gh carefully all the facts before them; and secondly, they are ther from the scene of action; and, therefore, probably get a ter cross-section of the picture, being less influenced by individ- reports which in most cases lay stress upon the bad areas.

On Saturday few people would have made an estimate on Kansas, sibly being fearful that deterioration in south central Kansas ht spread to other parts of the State. Today, however, there was h more calmness; we heard of some estimates on Kansas that ran high as 175 million bu, which after all is not much more than ut eleven bushels per acre. Mr. Cromwell also stated that it ked at present as though 170 to 190 million bu would be realized, hough Oklahoma, by the same authority, had shrunk to possibly 45 50 million bu. We have thought right along that this more con- vative outlook would prove safest. We have in mind that just a weeks ago 225 million bu for Kansas was a possibility, and that sections were not adversely hit, or at least in the same pro- tion.

Traders were less aggressive today, particularly when no port business of any consequence from this side could be checked.

Demand at Liverpool remains slow. It seems that Australian at is still cheaper than our old crop winters; therefore, encourage- t from that source was lacking. World shipments this week were 815,000 bu compared with 8,473,000 bu last week, and 9,655,000 bu t year. The two Southern Hemisphere countries put more wheat oat than did North America, and stocks on Ocean passage also in- ased, being about 3 1/2 million bu greater than they were at the e period a year ago. It is now estimated that the exportable sur- s in the Argentine is still 42 million bu, or twice as great as previous year. Therefore, with a fairly good crop outlook in ope also, and fine weather in Canada we doubt whether European ers will become greatly scared unless further deterioration should e place.

The rains which have fallen in Canada, with more forecast, ht to give the spring wheat crop in that country a good start. the first of June condition was placed at 99 per cent of the long- e average yield, and, according to the United States Bureau of icultural Economics, applying this on the intended acreage would e a yield of around 400 million bu. Winter wheat is also fairly d, suggesting 14 million bu additional; this would compare with t year's final crop of only 182 million bu. It will, therefore, be n that a large surplus from Canada is likely; the figures, as ted above, compare with about 337 million bu estimated by some of crop experts a few weeks ago for the three provinces.

The visible supply decreased 2,123,000 bu, total stocks in positions being less than 26 million bu now compared with only ut 10 3/4 million bu a year ago, but as we have stated right along s picture will change when the southwestern movement picks up.

(O V E R)

So far receipts of new wheat are not very large anywhere; Fort Worth had 251 cars today versus only 155 cars in 1937. Primary receipts today were 544,000 bu --a little bit larger than last week, and compare with 501,000 bu last year. Chicago stocks show a fairly large decrease for the week of 560,000 bu, but total stocks are 6,770,000 bu, which is a rather large percentage of the total visible. According to reports which we get from Illinois and Indiana, crops are promising in these areas, and we look for a good movement to this market a little later on.

It is rather surprising that during the upturn of about 12¢ a bu which took place that the open interest did not enlarge more. The amount of open contracts is 66,660,000 bu, indicating that the public is not participating to any great extent at this time.

Weather in Texas and Kansas was mostly clear, and while some showers are indicated tonight or tomorrow, our weather man does not regard them as serious, nor does he think that we shall have extensive precipitation for the immediate future.

At the last July wheat showed a decline of 1 1/8¢ per bu, with September 1 5/8¢ lower.

Winnipeg also reacted after Saturday's excitement, and we consider October wheat in that market still very high compared with our futures.

Action of the corn market was somewhat disappointing as many had thought that with the wet weather planting would be delayed, and that there might be a little more interest displayed. However, considerable quantities have been booked to come to Chicago, and export demand at the moment is slow. Therefore, these factors together with lower wheat prices brought about a fair decline.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 14, 1938.

Liverpool cables were very weak today, their futures de-
ning 2 to 2 3/4¢ a bu. Broomhall attributes the decline to
ropean conditions, claiming stocks in the U.K. have increased very
rgely. Italy is temporarily out of the market, and so far, crop
pspects in Canada have been fully maintained. Of course, it is
ssible --in fact, quite likely-- that sentiment over there will
hange as soon as they receive the alarming reports which are sent
t from this country. To show in figures the pessimistic feeling
hich is prevailing at Liverpool, we call attention to the fact that
ember wheat is selling at a discount of 10 5/8¢ under July, and
e December wheat is only a little over one cent higher than ours
the advance. It is quite evident that after a while, our markets
re and those abroad, will have to readjust themselves, provided we
pect to do a reasonable amount of export business from now on.
r market here was only influenced early and for a short time by
e foreign situation, as more attention is being paid to the crop
pspects in this country, particularly as it cannot yet be assumed
at either the spring wheat crop in the United States or that of
nada is assured.

All we can say about the spring wheat crops at the present
me is that the outlook is extremely favorable. However, when
veral crop experts claimed not only the prevalence of black rust
Nebraska and Kansas, but that it was spreading, it caused fear
at not only would further damage be suffered by the winter wheat
op, but that later on it might extend to our Northwest and to Canada.
erefore, it is quite evident that at the present time, we are deal-
g with a market which is very largely influenced by fears, and
obtain some idea of how much further losses we could sustain be-
re the situation becomes alarming, it is well to consider the
est crop estimates, and then make the necessary deductions for
sses incurred in the meantime and others which might follow.

According to the last government report, prospects for the
mbined winter and spring wheat crop indicate approximately 1,020
illion bu; for Canada about 400 million bu, or a total of 1,420 mil-
n bu. This would compare with the wheat harvested last year in
e United States of 873 million bu, and 182 million bu in Canada,
1,055 million bu. Consequently, there would have to be reductions
ual to 365 million bu to bring the totals of North America down
last year's results. There is nothing in sight at the present
me for anybody to believe that such deterioration is at all likely,
d even should there be losses of approximately 200 million bu, we
uld still have a great deal more wheat than the season just ending;
so, with a larger carryover and apparently more wheat in sight in
rope than in the 1937-38 season.

From all reports we receive, Italy will probably raise from
to 75 million bu less, but this will be more than made up by
e larger crops in France, Germany, Russia and the Balkan States.
erefore, we feel the known damage up to this time is fully dis-
unted by the sharp advances which have taken place from the low
ices when it looked like a bumper crop.

Trade, however, is extremely nervous, and would have been more
had the weather in general not turned out to be more favorable.
mperatures are keeping close to the normal to somewhat above over
l states. There were only light to moderate showers over all
ctions west of the Mississippi River, while to the eastward fair
ather has obtained. Indications are for generally fair weather
night and Wednesday for the Southwest, except local showers in the
treme eastern portion tonight. Were it not for some extreme re-
rts at places, we would conclude from our own messages that the
tlook for the winter wheat crop in Kansas and Nebraska is not any-
ere near as pessimistic as the trade is led to believe, but it will
ke several weeks more to determine who is right.

(O V E R)

Just at the present time there is no balance wheel in the market, there being practically no hedging sales as yet, and until they appear the market will prove to be very sensitive in both directions.

Primary receipts continue to be extremely light --263,000 bu compared with 523,000 bu last year; therefore, continued decreases in the visible supply are looked for. The demand for the red wheat in Chicago is still at very low ebb, and stocks of same last week decreased only 140,000 bu, and there are still over 1,800,000 bu in public elevators. Unless this wheat is sold much faster, it naturally will come in competition with the new crop which starts moving to this market early in July, and the tendency then might be for the July and September futures to widen.

At the close the July wheat showed an advance of 2 1/2¢ per bu, and the September 2 3/8¢ higher.

Corn receipts remain rather heavy, being 886,000 bu versus 502,000 bu a year ago. With the absence of any strong foreign demand the market advanced comparatively little considering the great strength in wheat.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 15, 1938.

The Robinson Elevator Company, of Kansas City, came out today th an estimate of the Kansas wheat crop, making a large reduction om their previous estimate, and indicating a probable crop of 151 llion bu, subject to changes --possibly further deterioration from w on, or possible improvement. There are no divided opinions about e fact that the winter wheat crop has gone backward since the last vernment report estimating about 760 million bu, and it is more less of a guess as to how much actual loss has been sustained since at time. However, we think, from the present outlook, that we are tirely safe in assuming the losses have not been greater than 50 llion bu in Kansas, 20 million in Oklahoma, 20 million in Nebraska, that there might be a total loss since June 1st of 90 million bu, ich would reduce the prospects to about 670 million bu. This ould not be construed to mean that we believe the result will be poor as that, but we are rather inclined to think that the final rvest will be much larger than that. However, as we had inclement ather for 15 days more or less, and as the trade in general is so ry pessimistic on the outlook, we wish to be ultra conservative, rticularly because in spite of these figures we think wheat is too gh, assuming that the spring wheat crop will come through all right.

In order to give both sides of the question, we want to ntion that Nat C. Murray, a very reliable crop expert, in his mid-nth report, estimates the present winter wheat prospects at 730 750 million bu. This figure, however, we consider as the maximum, ich is likely to be harvested, and it will require good weather om now on to produce that much.

Losses, as mentioned above, would reduce the winter wheat op to 670 million bu, and assuming the spring wheat crop will ount to 260 million bu (and we think that is a fair estimate based the present outlook) would give us a total crop of 930 million, d with a probable consumption of 650 million bu, would leave 280 llion bu for export and additional carryover.

So far as the export outlook is concerned, we do not believe is particularly encouraging for a large volume, provided Canada's esent fine prospects are maintained, as she undoubtedly will again come the largest exporter. With a population of only about 12 llion persons her consumption is close to 100 million bu --possibly ly 25% of what she raises-- therefore, she is compelled to sell her rplus right along. Last year's exports of all countries amounted 500 million bu. On account of larger importations from Italy, quirements might be 550 million bu. With normal crops in the uthern Hemisphere, 250 million bu could easily be supplied from ere; sundry countries, such as India, Danubian, Russia and others, rnished 115 million bu the past season. This undoubtedly could be peated during the coming twelve months. Therefore, North America ght be called upon for only about 200 million bu, which, in case of cessity, Canada alone could clear.

Liverpool cables were extremely strong, advancing 3 1/2 to 7/8¢ per bu. However, this was almost entirely based on the strength ich prevailed yesterday in both the Canadian and the United States rkets, and they show a definite tendency to follow rather than to ad us. The fact that their December wheat is only moderately higher an ours shows that as far as they can judge future markets, they are t very much imbued with the idea that a very high price level will ist.

There were no important changes overnight in the foreign crop tlook, except there were general rains in Victoria, and it was so raining in southern New South Wales. It is now believed that e Australian wheat acreage will be as large as last year with the ought more or less relieved; Argentine crop prospects are very good. the northern Zone rainfall since January 1st has averaged 6.1 inches ove normal; and in the southern Zone, 3.3 inches above. Therefore,

(O V E R)

the outlook must be considered as quite hopeful.

In this country, very heavy rains fell all over Kansas, and being in many places where not needed, and where the ground was already saturated, caused a great deal of concern.

Right at the opening prices were very firm, gaining further during the greater part of the session, but heavy realizing sales took place, and at the close July wheat showed a decline of 3/8¢ per bu, and the September 1/4¢ lower.

The weather prediction for the next 24 hours is rather favorable, and we believe if more settled weather should prevail now, which is quite normal for this season of the year, sentiment might change very rapidly. This, particularly so as we are also receiving many good threshing reports from various places in Kansas, as well as Oklahoma; and it is quite possible that the damage reports so far received have been exaggerated.

Primary receipts continue to be light --only 422,000 bu today compared with 562,000 bu last year, but larger than last week when they were 248,000 bu. We think the early movement has been delayed on account of the wet weather, but think this will change radically within the next two weeks. We then expect a very heavy increase in the movement, as well as in stocks and hedging sales. Unless it should be offset by corresponding export and milling demand, we believe it might be difficult to maintain the present level of prices, but during the next ten days to two weeks there will be no balance wheel, and sharp fluctuations are likely depending upon day to day news.

Corn receipts continue on a satisfactory scale, being 801,000 bu today versus 860,000 bu a week ago, and 453,000 bu a year ago. We believe that from now on the price level will depend very largely upon the new crops and prospects for the next season.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 16, 1938.

There have been surprises over night almost daily, as the ther forecasters, both private and government, have not been lucky their predictions. Nobody is to blame for this, as sometimes unseeable changes in the atmospheric currents bring about different ther from that which is indicated by the barometrical lines. Howr, as the average in the main is very good and reliable, we still end upon them very largely for predictions. Yesterday it looked to of them as though the wet weather in the Southwest would be at an for the time being, with clearing skies looked for, as nice, dry ther is now needed in the states of Kansas and Oklahoma for the t development of the wheat crop. However, contrary to expectations, reat deal of precipitation took place in the Southwest. More was dicted early and, therefore, at our opening the advance in wheat ces again became very pronounced. Later the official forecast was e favorable, and this again indicated possibly sunshine to follow rains.

In the meantime, harvesting has been delayed again in several ces, and as large hedging sales are needed to cause more of a ance wheel, the situation at the moment has again become uncertain. s is always the case when we are in for a weather market. We have ore pronounced opinion as to the final outcome in values. We are y a few days from the period when we have the longest days, and n the sun becomes very strong; therefore, it would be a very poor to assume that these rains will continue. In all probability they l not, although one cannot be sure about it. At best, one can only ure on normalcy, and from now on if we should have regular summer ther, we believe, in spite of reductions in the crop outlook, there l be plenty of wheat raised by this country, Canada, and the world large, to give us a great plenty and much more than can possibly consumed during the next twelve months.

In the meantime, there were also excellent rains in Alberta, re they were needed, and so far the outlook in Canada remains remely favorable. A large crop in Canada would almost overshadow rything else, as there are possibilities at the present time of a p big enough to give an exportable surplus of 300 million bu, and s quantity, together with a normal surplus in the Southern isphere, might be sufficient to supply Europe with all its needs, hout coming to a number of other smaller exporters, including the ted States.

Threshing returns so far give no clue as to what final yields may expect on an average. Some of them are quite good,and some appointing. Enid today received 205 cars of wheat, of which 31 rs graded No. 1; 143 cars, No. 2; and the balance, No.3, with the ception of only a few cars which graded No. 4, or lower. We conder this extremely satisfactory, so far as quality is concerned.

Liverpool cables were rather weak today, but they recovered me from the early decline after they had the news from here, and re also influenced by our higher opening. Nevertheless, they closed 1 to 1 1/4¢ lower. The fact of the matter is that Argentina is ipping heavier now, clearances being 2,111,000 bu compared with 084,000 bu last week, and 1,552,000 bu last year. Black sea shipnts are about the same as last week and last year, and Australia is king more liberal offerings, as well as Russia. It looks as though will be difficult to get Europe excited about their supplies, unss later on the crop in Canada should go backward, but so long as ey feel that only more patience is required before heavier offerings ll be made from there, they seem to be taking a very complacent titude.

Torrential rains were reported in Northern Italy too late to nefit the crop there, as it has suffered very severely already. at country will be a much larger importer the next twelve months, though Italian bread now contains only about 80% of wheat, but even is economy will not be sufficient to prevent heavier purchases from

(O V E R)

other countries. However, the excess amount which will be taken will be offset by the very much larger crop in France, and that country might become an exporter this year.

Primary receipts today were large, amounting to 676,000 bu compared with 259,000 bu last week, and 776,000 bu a year ago. So far this week stocks at Kansas City and Minneapolis decreased 573,000 bu.

We had many erratic swings today, great nervousness being displayed by traders, and, of course, nobody can make accurate guesses on the probable size of the crop until we get many more threshing returns than at present. The early bulge did not hold, and at the last July wheat was 3/4¢ per bu lower, and the September 5/8¢ off.

Trade in corn continues to be dull; yesterday the volume was less than 5 million bu, and it is likely that today's transactions will be even smaller when figures are published.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 17, 1938.

For the first time in a long while our market was not entire- influenced by crop news, and the beginning of hedging sales was lt at times. Receipts at Enid, Oklahoma, were 403 cars, and at rt Worth, Texas, 325 cars, which is very heavy for this time of e year, especially as it was not assumed that the crops in those ates would be early; wet weather lately also delayed the harvest. e party from Kansas City ventured the opinion that when the proper me comes receipts at Kansas City would also be a great surprise, d for the last two days that market has been losing ground compared th ours. While it will take some time yet before territories ibutary to Kansas City will be able to ship much wheat, yet such ents are frequently anticipated. Each day we come nearer to the riod when we shall have to take cognizance of the fact that hedging les gradually will increase, and early in July they might become ry large.

The trade, however, continues to be very nervous; and justly as long as wet weather continues in the Southwest. Rains in various rts of the wheat belt have been quite heavy; particularly so in ssouri, and Oklahoma, and while Kansas and Nebraska fared some- at better, prospects for the next few days do not yet indicate y, warm weather which is so badly needed. On the contrary, scatter- showers and thunderstorms are expected over the Northwest, ntral West, and Southwest late tonight and Saturday. Also Iowa, d Missouri are likely to be visited with more showers at the same me. As long as these conditions last it is difficult to obtain y unanimity of opinion of what final yields of winter wheat might . There are extremists on both sides. However, everybody has to mit that even the best expert could not make any accurate guess, so much will depend upon the weather from now on. Nevertheless, ere seems to be general agreement that provided the spring wheat mes through all right, the total amount of wheat which is likely be raised in this country will be way in excess of domestic re- irements and likely exports; so we will still be faced with a tuation, which finally will give us a very burdensome surplus and rryover next July, and much larger than the 190 million bu which e supposed to be left at the end of this month.

The important factor for the price level, however, in our inion, will be the outcome of the Canadian crop. So far this ason, from August 1st, 1937 to June 3, 1938, exports of wheat and our from Canada were only 81,428,000 bu; so there will be con- derably less than 100 million bu cleared for the twelve-month riod. If one considers that there are at least possibilities at this year's yields would give an exportable surplus of 250 to 0 million bu, it is easy to recognize the importance of the outcome the crops in the three great wheat raising provinces. The nadian Pacific crop report stated today that while the crop outlook the same time last year gave small hope for yields south of the nadian Pacific Railway main line, this week's report by the company's gricultural department, including the former drought areas, gives st hopeful prospects. Growth is slow but steady in most districts, th greening fields showing good looking stands of grain and wheat ooling out well and coming into shot blade. They further state at Saskatchewan and Manitoba in many areas now would welcome warm ather, but rains have been timely and welcome, and have benefited, specially Manitoba, central and northern Saskatchewan, and Alberta.

As far as Europe is concerned, Liverpool cables finally showed decline of 5/8 to 1 1/2¢ per bu. It is estimated that the export siness from North America was comparatively light. The crop out- ook in most countries with the exception of Italy continues to be tisfactory; in France, it seems to be particularly favorable, The nporting nations are reasonably well fixed at the present time with pplies, and seem to be able to obtain sufficient quantities for eir needs, and there seems to be a general disinclination to lay

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in large stocks. It is the hope on part of importers that later on Canada will be compelled to become a free seller, which will give them an opportunity to buy to better advantage.

With these various conflicting items it is difficult to have a pronounced tendency at this time, and it is particularly difficult to have a strong opinion from day to day no matter what might happen afterwards when the crops are secured and are moving freely.

After many fluctuations both ways July wheat closed 3/4¢ per bu lower, and the September 5/8¢ off.

Primary receipts remain moderate, 603,000 bu compared with 292,000 bu last week, and 640,000 bu last year. Under these circumstances, stocks will continue to decrease; so far this week Kansas City, Duluth and Minneapolis show a loss of 711,000 bu. Last year the visible supply decreased 1,086,000 bu, reaching the minimum for the season, at 9,659,000 bu. It is quite possible that this coming week also will show the smallest visible supply for this year, but if wet weather continues it may be delayed for another week, and then we expect a gradual accumulation of stocks.

The corn market was extremely strong today; this, in spite of the fact that receipts were very heavy --primaries being 1,275,000 bu against only 1,095,000 bu a week ago, and 306,000 bu in 1937. The continuation of wet and cool weather can only be harmful for the best development of the plant, and much heavier investment buying took place in December corn than for some time, and this future advanced the most. Unless we soon have dry, warm weather we believe speculation in corn will develop on a large scale and boost prices further.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 20, 1938.

While there has been more or less inflation talk for sometime, it did not express itself very much until today in transactions in Wall Street stocks or commodities; but all of a sudden Europe seems to have become inflation-minded, sent large buying orders to this country, and there was quite an advance in values in Wall Street, also rubber, hides, etc. gained considerably. In making inquiries as to what really happened to cause this change of sentiment during the last 48 hours, we did not receive any positive information which would be of much value. The fact that gold stocks did not share in the advance which took place shows clearly that no further devaluation in the immediate future is expected. There is, however, a general feeling that possibly the large spending which is going on in this country, with large outlays also in Europe for armaments, ought to bring some improvement in business, a larger demand for steel, rubber, etc., and as prices in many commodities have declined so much, a turn for the better might be in sight.

This was immediately reflected in wheat prices, and we believe was the chief cause in preventing sharp declines today. This for the reason that Liverpool cables closed extremely weak, at a decline of 2 3/8 to 2 1/4¢ per bu, and European news in a general way was quite favorable, as far as the prospective crops were concerned. The United Press claims that the outlook has improved and with the improvement which has taken place experts estimate that the final yields will be larger than the 1937 crop of 1,420 million bu. The National Institute of Agriculture in Rome reported that if weather conditions would be favorable during the harvesting season, Rumania, Hungary, Poland, France, and Germany should have bigger crops than last year, more than offsetting the smaller crops from Italy, Greece, and Portugal. These latter two countries are so small that they would almost be ignored as they are never very much of a wheat factor. Italy is quite important but with the difficulty in obtaining foreign exchange, her importations will likely remain moderate. Whether under these circumstances the importing world will buy more wheat during the next 12 months than during the past will remain an open question. We are inclined to believe that they probably will do so, chiefly on account of the desire to lay in larger reserves.

Since July 1st total exports were only 487 million bu, with one more week to come, so we do not expect much more than 500 million bu, which seems to have been sufficient to satisfy all the needs. This is rather a small quantity in view of the fact that the Southern Hemisphere with a normal crop could easily furnish 250 million bu; and all of North America: namely, Canada, and the United States combined, shipped since July 1st, wheat and flour, only 188 million bu, which if repeated would be only a very trifling quantity, considering that the odds are all in favor of Canada raising so much more than she did during the past season. In addition there is always to be considered the unknown factor, Russia, which in the main seems to be well satisfied with her present outlook, although some districts are less promising than others. However, the very fact that Russia is offering new wheat already, which is very early for that country, leads us to believe that she may become quite an important factor as a competitor with this and other countries.

Crop news in the United States was more or less mixed, some reporting much better yields than expected, others the contrary, but in the main we think more conservative elements are inclined to raise their figures from the previous pessimistic statements given to the trade. Furthermore, actual movement of new wheat has started in earnest in the Southwest. Five places: namely, Wichita, Hutchinson, Salina, Kansas, Fort Worth, Texas, and Enid, Oklahoma, received today 1,547 cars. This means that hedging sales have started, although the tendency at the present time for many farmers is to hold their wheat until they have more information about the loan price. Whenever that information is given out, unless the price should be very high, we believe a great deal of the wheat which is being stored now will be sold.

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The visible supply showed a decrease of 1,756,000 bu compared with a decrease last year of 1,084,000 bu. Total stocks are now 24,125,000 bu compared with only 9,659,000 bu last year. We should not be a bit surprised if this would be the last decrease for a long period to come. Next week a great many of the points in the Southwest, such as Fort Worth, Wichita, and Hutchinson, are likely to increase their stocks, and even Kansas City might receive enough cars to do the same, so that the whole picture will be changed.

Chicago stocks for the week decreased 526,000 bu, and are now 6,244,000 bu, while a year ago they were only 1,081,000 bu. Unless there should be an unexpected demand for this wheat from now on we think it will stay here for sometime, and is likely to produce much better carrying charges.

Of course, it always has to be borne in mind that the spring wheat crop both in the United and Canada are not yet made, although the promise so far is quite favorable. A few days or weeks of dry weather would cause alarm immediately, but if in the meantime there should not be much of an export business, and hedging sales here increase, it would be a partial offset. This particularly so, as there does not seem to be any general interest in wheat speculation at this time. The open trades decreased again Saturday 916,000 bu, and are now only 68,729,000 bu, which are not very large for the size of the crop in sight. There were further rains overnight in South Dakota, and indications are for more showers over the Northwest today and Tuesday, which, if they materialize, would relieve the situation for a while.

At the close our market showed an advance of 1 1/8¢ per bu for the July and September futures.

Primary receipts of corn were very heavy --1,648,000 bu, being larger than last week and last year --1,243,000 bu and 617,000 bu respectively. The visible supply shows a decrease of 1,296,000 bu; the total is now 23,075,000 bu compared with only 4,507,000 bu same period a year ago. In view of the better weather, rain having been less in evidence, the December corn was comparatively weak.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 21, 1938.

Fear of what might happen in the future is very frequently tronger influence on the markets than anything else. Yesterday, o the first time, various opinions by commission houses at Winnipeg ere expressed to the effect that in certain districts in the three rvinces of Canada, rain is badly needed and that if it is not cthcoming soon, crops will go backward. However, the prediction a for probable showers in the most important provinces, but when hy did not materialize this morning, and when the weather map was r with a good deal of warm weather, the Winnipeg market started on ampage and advanced at one time as much as 2 5/8¢ over yesterday's lse. This was by far the greatest influence in our market here, we believe these fluctuations in Winnipeg at the present time hould not be considered too seriously. As a general rule, this eason their prices fluctuate more than ours as they are entirely ihout a balance wheel.

Their old crop future, July wheat, is selling more than 20¢ u above October, showing the scarcity of cash wheat. Under these cumstances, it is quite evident there are no hedges out in cober wheat against the actual grain, or at least, only a few of m, and, therefore, any purchaser of October wheat can only obtain t from some other short. This, particularly so as fair quantities f Canadian wheat have been sold for October and November shipment road, and the sellers of same have protected themselves by buying ober wheat at Winnipeg. Therefore, there is a certain long erest which cannot be dislodged. This, of course, will all change ry materially as soon as the new crop starts to move and then the ce will depend upon the size of the yields.

So far as we know, there has been no deterioration to speak f since the Searle Grain Company issued its report, which report we nstrued as indicating a crop of about 400 million bu for all of nada. Should there be a decline to 300 to 350 million bu, there uld still be a large exportable surplus and the movement during the nth of October might be tremendous.

Possibly there was also some encouragement from the higher ples, Liverpool futures advancing from 1 1/2 to 2 1/2¢ per bu, but e strength again was a reflection of yesterday's advances at hnipeg, as the U.K. only feels safe in pursuing its hand-to-mouth ying policy, as long as prospective buyers feel convinced that ter on they will obtain large quantities from Canada. The news om the Southwest was better in the main --the weather quite favor- le and little precipitation. While estimates on the Kansas- braska-Oklahoma crop are considerably less than the very extra- gant figures which were given to the trade a while ago, yet the tal quantity which will be raised is likely to be quite large. The st reports we receive come from Western Kansas where for several ars crops were a total failure and where big yields are in sight is season. This usually happens in years when there is much mois- re, as the wheat which is sown in the semi-arid territories usually oduces very little, except in such seasons as this one when there is re than the usual amount of rainfall.

In the meantime crops in other parts of the world seem to doing very well. Australia had good rains last week in the dry ctions, and they were more than welcome. Conditions in Argentina, ere they had a poor crop the past season, are favorable for the w wheat, which has received a good start. The European countries th the largest populations, Germany and France, report that pros- cts are being maintained, and large to fair crops are anticipated. ere is no change in the minor countries, except that Russia pos- bly is suffering in the Volga districts from lack of rain, but as e is offering wheat very freely now, we must assume that the total sults expected must be satisfactory. Europe is still holding back, t buying liberally, and overnight business was comparatively small.

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Primary receipts are still light, being only 480,000 bu compared with 1,084,000 bu last year, indicating that in all probability the crop movement is later than it was the previous season. Stocks of #2 red wheat in public elevators decreased 352,000 bu last week, and are now reduced to 1,440,000 bu. This, however, is a larger quantity than for all kinds of wheat in Chicago elevators a year ago. We believe with the near approach of the movement in Illinois, Indiana, and further South, the reduction in stocks from now on will be small, and possibly some of this wheat might be delivered on July contracts.

After many fluctuations, and frequent repetition of ups and downs, the close showed a decline of 1¢ per bu for the July future, and 7/8¢ for the September. It is quite evident that had it not been for the great strength at Winnipeg we would have had a weak market. In spite of the great strength in the stock market, which started yesterday and continued today, there seems to be lack of speculation in wheat as yet. The total open interest increased yesterday only 55,000 bu, and now amounts to 68,784,000 bu as at the close of yesterday's session.

Primary receipts of corn continue to be large, and export business at the moment is lacking. Weather is more favorable, and, therefore, there is no inducement to accumulate large lines of corn at this time.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 22, 1938.

Wheat traders are very much puzzled at the moment as to what the tendency is liable to be for the next few weeks. This, for the reason that the center of attention has almost entirely shifted from our Southwest to the Northwest, and Canada. The winter wheat crop is now practically made, but while it is impossible as yet to tell within 25 or 50 million bu what it is likely to be, we can safely assume that the total yield on the large acreage will be very satisfactory. Under all circumstances, it promises to be more than a year's home consumption for the United States. Therefore, the size of the surplus, and the amount available for export will depend very largely upon the outcome of the spring wheat crop.

From all information we can gather, their outlook is still very good, but during the last ten days or two weeks the amount of rainfall was rather small. As we are now nearing the period when hot weather usually sets in, a continuation of dry weather would be rather detrimental. There is nothing in sight as yet to assume that the spring wheat crop is not likely to be a large one, but as there are still so many hazards before the crop is finally gathered, this cannot be relied upon as a certainty. Therefore, caution is necessary.

Similar conditions exist in Canada. So far everything is quite satisfactory, but whether it will remain so or not will depend to a large extent upon the weather. Of course, the size of the Canadian crop will finally determine the amount of wheat which we shall be able to export. As Canada is our biggest competitor (in fact she ships more wheat in an ordinary season than any of the other exporting countries) the importance of the crop in the three Canadian provinces can easily be understood.

Liverpool wheat cables closed 3/8 to 3/4¢ per bu lower, and reflected only partially the decline at Chicago yesterday. Offers from the United States on winter wheat are cheaper, and contributed to the decline, but reports of dryness in parts of Canada, and the American spring wheat territory caused speculative buying. Millers are still very careful in buying their supplies, being very largely influenced by the fact that European crops in the main continue to be favorable, and some of the countries promise quite large crops, particularly France and Rumania. The latter country now expects to harvest fully 160 million bu. Also, the Argentine wheat acreage is expected to be 15 per cent larger than a year ago, and on a planted acreage of 18 to 19 million acres, they might raise a tremendous amount for export --very much more than was cleared this past season when the yield there was so poor.

So altogether from an international point of view there seems to be nothing in sight to make anybody afraid that this is likely to be a year of scarcity. In fact, prospects are still favoring an abundance of wheat, and much more than the yearly consumption, with an outlook of a much larger world's carryover on July 1, 1939, than on July 1, 1938.

As far as the winter wheat crop is concerned, we are getting some good reports, some fair ones, and some poor ones, but we still believe that Kansas and Nebraska are likely to raise 220 to 230 million bu, which is liable to become quite a burden unless a large part of it should be exported. This, particularly so, if this year spring wheat millers should be able to grind more of the wheat which is raised in their own territory, and will not have to go to the Southwest for such large quantities as in the past.

Fluctuations in the Winnipeg market at various times during the session were a great influence here. The former market at no time led the decline, although very frequently ours showed a lower tendency. The fact of the matter is, hedging sales are commencing to be felt here, and it will be several months yet before there will

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be good hedging sales in Winnipeg October wheat; also the scarcity of cash wheat at the present time makes it easy to boost prices on the slightest provocation, and on only moderate purchases. We think the present difference of Winnipeg October wheat of 10¢ per bu over our September wheat will look rather high when the crop once moves, but in the meantime, all the pressure will be on our market.

We are advised that a great deal of wheat which is now being shipped from Oklanoma and Texas is being stored. Evidently farmers wish to know first what the loan price will be before they sell their wheat. If the loan price is under present values, lots of this stored wheat might be sold, but even without that hedging sales are bound to increase right along, in our opinion, and will assume very large proportions early in July.

In the meantime, primary receipts are increasing only very slowly, but this we believe is largely due to the bad weather we have had. Today's redeipts were 680,000 bu versus 1,027,000 bu similar day a year ago. However, stocks at Kansas City decreased so far this week only 13,000 bu; for weeks and weeks, and months and months they had made heavy inroads into the visible supply, which situation from now on we expect to change.

The weather has been fairly satisfactory during the last 24 hours, precipitation was comparatively light in the Southwest, and temperatures were considerably cooler over the Canadian provinces, and our Northwest. While there is not much rain in sight for the spring wheat territories, our weather man was almost willing to guarantee that the weather will remain cool for at least 36 hours. Therefore, the immediate need for rain is less urgent.

At the close our market showed a decline of 1 1/4¢ per bu for the July future, and 1¢ for the September.

Corn receipts continue to be large, at 1,069,000 bu compared with 381,000 bu last year. There were some signs of a better export demand, and it looks to us as though one would offset the other. So there is no great expectation of a change in the price ofcorn until later on when one can better determine what the next crop yields are likely to be.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 23, 1938

Early cables were very strong, considering the decline here yesterday. The better feeling abroad was caused by what we consider rather sensational crop reports which were sent from this side. One cable from here expressed the opinion that the spring wheat crop prospects had been reduced to 150 million bu. Naturally, other concerns felt it their duty to put foreigners straight on this question and part of the strength was lost, Liverpool futures finally closing unchanged to 3/8¢ a bushel higher. We fully appreciate that almost anything might happen to the spring wheat crop, provided the weather continues to be unfavorable, but this is not a basis on which to make estimates as to the present outlook.

They had some very fair moisture in Western North Dakota overnight, which ought to be very beneficial. There are indications for showers and thunderstorms over the Northwest for tonight and Friday and if they should materialize, we would assume that so far the crop outlook is very much better than it was last year at this time, and when we still raised 189 million bu. On June 1st last year, the government gave the condition of the spring wheat crop at 6, and this year 87; consequently, there is a very much better start and nothing has happened so far this month to reduce estimates considerably, except that there was not much rain during the past ten days until last night, but with the favorable weather outlook for the next 24 and 48 hours, much of the damage, if any, that may have occurred, might be quickly repaired.

Comparatively little attention was paid to the foreign news, as there does not seem to be much of a change in the favorable outlook as previously reported. However, the fact that Russia is offering wheat very freely, which is rather extraordinary for this time, causes comment. As a rule she is not in position to ship much until early August, and therefore, we must conclude that either her old stocks are larger than we knew of, or otherwise she expects sufficiently large yields as to try and hasten sales for export before the United States is likely to take the market away from her. In the meantime, importing countries seem to be getting along with comparatively small quantities, as Argentine shipments are estimated at only 1,102,000 bu, compared with 2,171,000 bu last week, and 815,000 bu last year. Black Sea shipments are also light -- 594,000 bu versus 376,000 bu a year ago, and they include shipments from South Russia of 280,000 bu, while nothing was cleared from there last season. According to the Department of Agriculture, clearances from the United States for the week ended June 18th, were also small -- 707,000 bu, and 64,000 barrels of flour, or a total of less than one million bu, which is less than heretofore.

We still consider the outcome of the Canadian wheat crop as the most important factor in shaping the price for the world, and while the outlook for the three western provinces is still good, we feel convinced that from now on there will be many complaints until the territory is favored with more rains, and the weather there will continue to be watched very closely.

So far as the winter wheat crop is concerned, harvesting is making normal progress, but receipts at Southwestern points are comparatively light, owing to the delay which has been caused during the past ten days because of rainy weather. Receipts at five places -- Wichita, Hutchinson, Salina, Ft. Worth and Enid -- were 1075 cars today, compared with 1620 cars, similar day in 1937. The weather is now extremely favorable and we believe this deficiency will soon be made up, and after the Fourth of July, we look for a tremendous movement from many states -- Texas, Oklahoma, Nebraska, Missouri, Illinois, Indiana and others. The total ought to be big and by that time we shall have very heavy hedging sales, which will have to be absorbed by new speculative buyers, as the mills and exporters alone will not be likely to absorb them.

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The chief feature of today, however, was the advances in Wall Street stocks, which, naturally, had a sympathetic effect on commodities, including wheat. The advances which have taken place since last Monday without interruption, are certainly very impressive and lead a great many people to believe (whether right or wrong) that we have seen the worst of the depression and that business should greatly improve from now on. As a matter of fact, advances in stock prices are always a great help, as it is easy money being made by many and, therefore, easily spent. Consequently, there is no question as to whether it is worth something to the price of wheat. However, even during wartime, not all commodities benefited equally from the rising tendency in values, and whenever there was an overabundance in one or the other, it could not follow the other leaders; therefore, wheat prices, in our opinion, while somewhat influenced by other considerations, will largely depend upon the size of the crops.

Primary receipts of wheat are increasing somewhat, but make a poor comparison with last year, today's being 830,000 bu, versus 1,349,000 bu, similar day in 1937. Stocks at Kansas City and Minneapolis show a decrease of 305,000 bu so far this week.

Towards the close practically all the strength which had prevailed during the largest part of the session disappeared, and final prices showed a decline of 1/4 to 3/8¢ per bu.

Corn receipts continue to be large, 1,141,000 bu, compared with 198,000 bu last year. Weather is now fairly favorable for the development of the new plant. Fluctuations were comparatively small.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 24, 1938

From all the information we could gather, weather during the lat 24 hours in the wheat belt has been extremely favorable. Show-er have been quite general over Southern Alberta and Southern Sas-ra chewan, and, therefore, there must have been relief for many Canadian farmers, as fears had prevailed that unless moisture were ecthcoming soon, there might be considerable deterioration. Similar conditions existed in our Northwest and the rainfall was quite con-siderable, being particularly heavy in portions of the Dakotas. Of course, the size of the three Canadian provinces, as well as the wheat raising territory in our Northwest, is so large that it is unlikely that the same weather conditions would prevail at all points; there-fore, there may still be many sections which have not been visited by sufficient rainfall. However, we believe that in the main, crop prospects in the spring wheat territory have greatly improved, par-ticularly so as temperatures are also lower, but we must bear in mind that July is ordinarily very hot and that frequent rains will be needed to bring about the best results.

In the meantime, harvesting weather in the Southwest was quite favorable and we look for an increased movement before long. As it is, receipts are fairly satisfactory and Salina, Enid, Wichita, Hutchinson, Kansas City and Fort Worth received 1,548 cars today, compared with 1,727 cars last year. A large percentage of the re-ceipts is going into storage, is not freely offered on the market, and, therefore, has not the same depressing effect upon prices as it would if offered for sale.

However, this situation has another side to it: namely, export-ers are not buying very freely and not offering much abroad, and there is an absence of big export business. This has a temporary strengthening effect upon European values and Broomhall advises that importers complain of little willingness on part of exporters to sell either old or new wheat. We are rather inclined to think that the uncertainty of what the loan price will be has a great deal to do with this reluctance on part of farmers to sell at the present time. It is becoming more apparent that the quality of the wheat in the Southwest this year will be inferior to that of last season. There will probably be a smaller percentage of wheat which will grade No1 and 2, and also, it is quite possible the protein content will be somewhat lower. The government has declared itself as having no in-tention of making loans on wheat grading less than No. 3. This might include a very large quantity of wheat which was raised this year from the benefit of the loan price. It also might have the tendencyto widen differences between the choicer grades of wheat and the lower ones until the crop is further advanced so that we can arrive at more ac-curate figures of the different qualities, it is difficult to come to positive conclusions of what is likely to happen afterwards.

Liverpool cables were stronger, advancing 1/8 to 3/8¢ a bu, very largely influenced by the small shipments now from all exporting countries, and they seem to be very uncertain about our crops as from time to time some very pessimistic views are expressed. We do not believe these fears about our crops are justified, and we still look for a large combined winter and spring wheat crop, and believe it will come very close to the yields of some of the biggest crops which the United States has ever produced.

Argentine shipments this week were only 955,000 bu compared with 1,5,000 bu last year. Australia cleared 2,524,000 bu versus 868,000 bu last year, but her visible supply is still very large, being 29 million bu compared with 21 million last year.

There is one more country which seems to worry now about having raised too much this season, and that country is France, which must find an outlet for her surplus so that there will not be too much dissatisfaction among the farmers. They are seriously studying the question-- possibly some of the wheat will be used for feeding animals but in all probability she will succeed in exporting some to Italy,

(OVER)

and should this be the case, it would probably offset the shortage of the crop in Italy by her filling the needs of that country to a large extent.

We had a private cable from Sydney, Australia, stating that ther was an inch of rain throughout the whole of New South Wales, and that conditions in all states are now considered excellent.

Primary receipts of wheat today were 1,013,000 bu compared with 603,000 bu last week, but still smaller than last year, when they were 1,282,000 bu. Stocks at Kansas City, Duluth and Minneapolis so far for the week show a decrease of 655,000 bu, but yet we believe we shall have the first increase in the visible supply next Monday, as many of the southwestern points are starting to accumulate quite heavy supplies.

This is the fifth day now of advancing prices for Wall Street stocks, and also many commodities have shared in the greater confidence which now prevails regarding an improved business situation to come. This no doubt was more or less of a help to wheat prices, and induced some speculative buying, which otherwise would not have taken place.

At the close our market was practically unchanged.

There was some corn afloat sold overnight, but the demand at the present time still remains small and the drier weather in the Argentine, putting the new corn into condition, will enable that country to share to a larger extent in the export business. In the meantime primary receipts continue to be large, 1,175,000 bu versus 1,275,000 bu last week and 222,000 bu last year.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO June 27, 1938.

According to the latest bulletin issued June 23rd, by the Department of Agriculture, it is estimated that the world stocks of wheat on July 1st will probably total around 650 million bu, compared with 556 million bu in 1937; in other words, this past season, world stocks increased 96 million bu, in spite of the short crops in both Canada and the Argentine, as well as in our spring wheat territory. The same source estimates world production this year from 4,025 million bu to 4,075 million bu, or about 225 million bu more than in 1937. Consequently, assuming consumption will be about the same, world stocks during the coming season ought to increase about 321 million bu. This, of course, is based on the present outlook of average crops in the Southern Hemisphere. So far as the latter are concerned, the outlook at the present time is exceedingly favorable as soil conditions in the Argentine are entirely satisfactory on a 15 per cent increased acreage, and Australia has lately been favored with sufficient rains so that a normal production is likely.

So far as Europe is concerned, the very latest reports leave very little to complain of. France seems to be confronted with a large surplus and the French government is trying to find ways and means, and is promulgating new laws to prevent sharp declines in the wheat price and to keep the farmers satisfied. In Rumania, the winter wheat crops are ripening well under ideal conditions. Some very useful rains were reported in the Western Volga region, while the eastern part remains mostly unrelieved. Jugo-Slavia is expected to have new wheat before long, and the outlook in general is for a good, average crop. For the bulk of Europe, warm and fine weather has prevailed with local showers reported in Germany, all of which leads us to believe that no great harm has been done during the past week. Under the circumstances, and partly confirming this favorable outlook in Europe, the total indifference of millers in Europe may be easily understood. World shipments were 6,972,000 bu, compared with 8,528,000 bu last week, and 7,503,000 bu last year. This is far below normal weekly requirements and shows a distinct tendency on part of prospective users of wheat to hold off, looking forward to a lower level of prices. As a consequence, the on-passage stocks are decreasing --being only 36,856,000 bu versus 42,528,000 bu last week. Nevertheless, there was hardly any new business reported from the Western Hemisphere during the last 48 hours.

However, futures are influenced by American news, and Liverpool cables reported an advance from 1 7/8 to 2 1/4¢ a bu. This was largely caused by our strength here on Saturday, and because of fears that inclement weather was hurting our crops. The fact that the Argentine available surplus is 39,422,000 bu compared with 32,081,000 bu last season was entirely ignored. The weather over the week-end in North America was worse than expected, as the Southwest had very heavy rains since our close Saturday; the Northwest had but little, although they had good moisture there the previous day.

Parts of Canada were favored with good moisture, although there is a very little territory in urgent need of it, compared with the total --Northern Saskatchewan and Northern Alberta may still be suffering from drought and where the crop undoubtedly has deteriorated, but as a whole the prospects for Canada are still very favorable and so much better than at this period in 1937, that comparisons would be odious.

So far as the Southwest is concerned, we are receiving excellent reports from Nebraska and are inclined to think that Kansas also will raise a very large crop, although we cannot commit ourselves to any figures as threshing returns vary so much in different parts of that state. However, considering that on the standing acreage ten bushels on an average would produce 150 million bu, we have no doubt that the final yeilds for that state will be far in excess of that quantity. To show how much the movement in the Southwest has been delayed on account of excessive rains, we wish to point out the com-

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aratively small receipts of wheat at five important points, in comarison with last year, when the weather was dry and when there were o delays. Wichita, Hutchinson, Salina, Fort Worth, and Amarillo eceived 1,938 cars versus 3,701 cars in 1937, or only a little more han half. Of course, this will all be made up soon, weather peritting. There is some possibility of more showers in the Southwest omorrow, but unless the showers, as several times before, should rove to be heavy rains, and unless they are general, we think the eavy movement which has started now, will continue, and for a long ime. Therefore, increased hedging sales are in order. We believe hat so far the government flour purchases, which must have been on uite an extensive scale, have been largely an offset against the ore liberal movement, but inasmuch as the government has purchased uite freely, we think new commitments on their part will be slower rom now on.

Primary receipts are only fair, being 2,116,000 bu compared ith 1,200,000 bu last week, and 3,364,000 bu a year ago. The isible supply showed an increase of 402,000 bu, which is the first ncrease in a long while, and compares with an increase last year f 1,537,000 bu, when weather conditions were more conducive to the armer to bring in his grain. The total visible supply is now 3,331,000 bu larger than last year, and from now on for a long time o come we expect steady increases, together with more hedging sales, hich will necessitate the finding of new buyers.

The open interest compared with the lowest point has inreased somewhat, but is still very small, last Saturday amounting to 0,416,000 bu. At the close our July and September wheat showed a ecline of 3/8¢ per bu.

In spite of further heavy rains in Iowa and Illinois, which re not wanted for the best development of the corn plant, the market cted very indifferent, this possibly being due to the large availble supplies, and the continued liberal movement to market. Stocks t terminal points are now 23,104,000 bu compared with only 4,757,000 u last year. Primary receipts today amounted to 1,216,000 bu.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 28, 1938.

Liverpool cables closed at a decline of 1 to 1 1/2¢ a bu from te previous day. Very little export business was done overnight fom North America, and in fact, it is claimed that foreign millers prchased only very small quantities in other countries also. It is bcoming clearer to us every day that European millers are holding bck with their purchases hoping that later on they will be able to rplenish their stocks with Canadian wheat on better terms. We are mre confirmed in this theory as practically every week for the past sx weeks world shipments were considerably smaller than the estimated wrld requirements by the importing nations of approximately 10 mil-lon bu weekly. World clearances of wheat and flour were as follows:

May	21	-	8,021,000 bu
June	4	-	8,437,000
"	11	-	11,806,000
"	18	-	8,528,000
"	25	-	6,972,000

We think their conclusions are correct that the world price lvel for wheat will depend largely upon the size of the Canadian crop. It is strange that a country such as Canada, having a popula-ton of only about 12 million persons, should play such a very im-prtant part in determining the price at which wheat farmers will hve to sell their product in countries of over 500 million inhabitants mitting from calculations, Russia, China, and other Oriental countries mich, however, are also affected.

The weakness everywhere during the last two days is largely ie to the much more favorable weather in the three Canadian pro-nces. While prospects there were reasonably good before, there ms a dry area which has also been relieved now by very substantial pisture and our reports indicate they had very good rains in lberta and scattered showers to good rain in Saskatchewan. While great many changes might naturally occur from now until the spring neat crops are finally harvested, still we remember many years when this period in the spring wheat territory, both in Canada and our orthwest, deterioration was such that sufficient damage could be stablished to make very large crops unlikely. When the great rought started five years ago on June 27, 1933, our wheat market dvanced in one day 6 1/2 - 7¢ a bu, due to fears for the spring neat crops on account of drought, and final results in that year roved the anxiety had been justified.

Last year also, even as early as this, there was an irrepar-ble amount of damage done to the Canadian crop, and, therefore, to ay the least, the outlook is so much better this season that the aiting on part of conservative buyers is easily understandable. his is particularly so as the European crops are making very good rogress and most of the present estimates are more favorable than ney were a month ago. Italy, for instance, may now harvest between 40 to 256 million bu, earlier predictions having been for about 220 illion bu, and while still smaller than last year's crop of 296 mil-ion, nevertheless, indicates that importations this season will be n a reduced scale from what was previously expected. France sug-ests the likelihood of a wheat crop of 320 million bu, way above er estimated consumption. Therefore, she will figure among the ex-orters this year, while in other seasons she may have been a moderate mporter. Prospects in Germany continue satisfactory, and Holland nd Belgium claim that satisfactory prospects have beenmaintained.

Receipts at interior points in the Southwest are still rather nall: Wichita, Hutchinson, Salina, Fort Worth, and Enid receiving nly 744 cars compared with 2,176 last year, or only a little more han one-third as much as a year ago. Since, in our opinion, this s entirely due to the inclement weather which we have had of late, nd not due to any shortage of the crops, a correspondingly larger mount is, therefore, bound to come forward later. If this is the ase, hedging sales are bound to increase proportionately.

(OVER)

General trade today was so light that had there been any appreciable amount of hedging sales we think it would have affected the market very easily.

The weather during the last 24 hours has been extremely favorable; it was dry in Nebraska, Iowa, Missouri, Kansas, and Oklahoma, just what is wanted. Then again they had rains in North Dakota, and to a smaller extent in South Dakota, which is also very desirable.

Primary receipts are light, being only 756,000 bu versus 1,860,000 bu in 1937. Stocks of #2 red wheat in Chicago public elevators show another decrease this week, being now 1,245,000 bu in Federal elevators, and 20,000 bu in public state elevators. We naturally assume with the movement of red wheat now coming from the winter wheat states to this city that the demand for the old wheat will be very light; therefore, we can easily see how there might be deliveries early in July.

At the close our market showed a decline of 1 3/8¢ per bu for the July wheat, and 1 1/4¢ for the September.

Corn receipts continue to be heavy, being 1,326,000 bu compared with only 433,000 bu last year. With the drier weather in the corn belt the desire to buy the deferred futures is less urgent; and the export demand is also very moderate. Weather in the Argentine for the curing of the new corn is, however, quite favorable.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 29, 1938.

For weeks and months the chief influence daily on wheat prices was reports of the growing crops in various parts of the world. The supply and demand situation for the past season had been so well figured out that there were few surprises as time went on; and the carryover on July 1st will be very much the same as had been anticipated. During the last six months, however, opinions as to the size of the winter wheat crop had to be changed continually. All that was known early, and which was never forgotten, was that the acreage was very large, and with less abandonment than usual hopes for a bumper crop developed for a while. During the last month, however, through various causes deterioration took place at many places, but as harvesting is now becoming quite general we can deal more with certainties than with guesses.

It is assumed that the winter wheat crop will be a very substantial one, although considerably less than was expected at one time. The spring wheat crop in our Northwest, as well as in Canada, underwent few hardships so far, but as there has never been an excess amount of moisture --in fact in several of the provinces of Canada it has been less than normal-- fears continued that with the hot season approaching there are certain dangers, and deterioration in the fine prospects will take place unless copious rains occur from time to time. Naturally it is impossible for anybody to guess what weather conditions will be during the month of July in the spring wheat territory, but at least one thing has completely changed: namely, that as far as the winter wheat crop is concerned, we now have to face realities.

We are looking forward to a very heavy movement before long. As yet it is very small: Wichita, Hutchinson, Salina, Fort Worth, and Enid today received only 941 cars versus 2,203 last year. However, the weather was so bad for a long period this year that what looked at one time like an early harvest has changed, and it now looks as if it would be about normal as far as time is concerned, or perhaps a little late. Nevertheless, the weather during the last 72 hours has been so favorable in the Southwest that we now look forward to very heavy receipts next Tuesday, and a continuation of same for some time to come. This means very heavy hedging sales. As millers are, and exporters alone cannot absorb them, unless in the meantime there should be an entire change in the outlook of the spring wheat crop, we think it will be difficult to absorb these hedging sales without sacrifice in price.

The strengthening influence today after a rather weak opening was the moderate advance in Winnipeg futures accompanied by rather pessimistic reports. Same, however, were mostly based on fears of what might happen in the future if hot, dry weather should prevail with the lack of rain. The fact that the precipitation during the last few days in the three provinces of Canada was not equally distributed, and that the most important territories were badly missed, caused this changed feeling about the outlook. There is nothing unusual about it;some people by nature are very hopeful, while some are more pessimistic, and quite frequently, therefore, honest reports from the same territories are contrary. The fact that the Winnipeg market will be closed both Friday and Saturday, and ours on Monday, also may have had something to do with the short covering which we understood took place to quite a fair extent.

Weather in our Northwest, however, is quite favorable, and there were fair to good rains in all four states --Minnesota, North Dakota, South Dakota and Montana. In consequence, the Minneapolis wheat market was comparatively the weakest during most of the session.

There was not much encouragement from Europe. While we believe there is some export business going on every day, much of it is not regularly reported; but yet the total volume is not of substantial proportion. In the meantime, Australia remains a very heavy seller,

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and the European crops seem to be getting along very nicely.

Liverpool wheat cables closed at a decline of 1/2 to 3/4¢ per bu.

Primary receipts continue to be light --844,000 bu versus 2,247,000 bu last year. Stocks at Kansas City and Minneapolis so far this week show an increase of 130,000 bu. The open interest has increased a little of late from the lowest point, but is still very small --72,271,000 bu. There was a substantial decrease in the open interest in July wheat, and last night it was 16,452,000 bu, which will still have to be taken care of during the month of July.

Corn receipts are fair --824,000 bu compared with 1,069,000 bu last week, and 222,000 bu last year. There was a much better export business reported --800,000 bu seems to have been worked to exporters. At the present time the weather is extremely favorable in the corn belt, being dry with moderate temperatures. We believe that should there be the slightest crop scare, corn could do somewhat better, as there are expectations of a large increase in hog production this year, and at the present price level of corn, undoubtedly consumption will be very heavy. We also assume that a steady export business will continue to take place.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO June 30, 1938.

Daily weather has been, and still will be for sometime, the greatest influence in shaping wheat prices. Nevertheless, it should not be overlooked that the great strength in Wall Street stocks, and rises in other commodities had a sentimental influence, and that without this stimulant the present price level of wheat might be lower. Certainly if the rise in stocks is justified, it must be assumed that it discounts better business conditions later on, which in turn means an increased consumption, greater confidence and more speculative buying.

Today before our session opened there again prevailed a very bullish feeling in stocks, which more than offset at the time the rather favorable weather conditions. However, while they had light showers during the past 24 hours over portions of the Canadian provinces, and considerable rain over our Northwest, the total amount of moisture was by no means sufficient to allay all fears. This particularly so as the Canadian market will be closed after today until next Monday, and ours on Monday, so that sentiment might be further influenced after that, provided warm weather without much moisture should prevail during this period. However, according to the forecast there is a possibility of at least light showers both tonight and Friday in the Canadian provinces.

In the meantime weather in the Southwest, where the wheat crops are being harvested, is very favorable, and the effect of the better weather during the last four or five days is shown already in the increased movement at interior points in the Southwest. Wichita, Hutchinson, Salina, Fort Worth and Enid received today 1,333 cars versus 2,044 cars last year, and we think that this is really only the beginning of a very heavy movement.

Liverpool closing prices showed an advance of 5/8 to 1 3/8¢ per bu, but as far as we can learn this was entirely due to North American advices and not to European conditions. Europe, and particularly England, is so largely dependent upon the flow of Canadian wheat to its shores that any deterioration causes immediate anxiety; and it is generally assumed, just like with our winter wheat crop, the early very optimistic estimates as to the final yields will not be maintained, and it now appears more like an average than a bumper crop.

Foreign business remains extremely small, although it is reported that about 200,000 bu of hard winter wheat had been worked. Argentina has about 17 million bu more wheat than it had same period last year; Australia's visible supply is 8 million bu larger, and with the favorable crop outlook in the whole of the Southern hemisphere, it is to be assumed from now on the movement there will be very much larger than it was the past season. In fact, it is showing itself already in heavier clearances, and Argentine shipments this week are estimated to be 1,764,000 bu versus 1,087,000 last year. Australia has made such large sales to Europe of late that it is a foregone conclusion that their clearances will be quite heavy from now on. India has also become a potential competitor in the wheat export trade, actual clearances totalling 1,200,000 bu this week, and next week another one million bu are expected to be shipped. Russia also seems to continue with free offerings and according to Broomhall, European new crop prospects are better than they were early in the season. The Balkan countries report favorable conditions, with indications that the surplus for export might reach 80 million bu next season, which would be a great deal in excess of the 1937-38 period.

Primary receipts were very much heavier today than for some time, being 1,779,000 bu versus 830,000 bu last week, and 2,002,000 a year ago. Stocks at Kansas City and Minneapolis show an increase so far this week of 319,000 bu, and we look for a large increase in the visible supply on Monday. Hedging sales undoubtedly were on a very much heavier scale today, and with some weakening in the stock

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market buyers became very scarce, except at concessions. In addition, there probably was heavy liquidation in July wheat, open commitments in that future yesterday showing this tendency, and a reduction of 1,522,000 bu. It does not seem as if anybody would be very anxious to take delivery of much #2 red wheat in view of the fact that large quantities are likely to come forward to this market after the Fourth of July.

The way we view the situation at the present time, and being fully aware that much might change in the spring wheat crop outlook should inclement weather prevail during the month of July, total yields of winter and spring wheat will not reach the high figures anticipated early, nor can we expect that previous maximum records will be beaten or anywhere near equalled. Nevertheless, we think we might harvest close to 950 million bu, or 300 million bu more than home consumption, and if the export demand should be only moderate, the addition to our carryover will be very big, so that we shall have large supplies on hand on July 1, 1939.

At the close the market showed a decline of 1 1/2¢ per bu for the July and September futures. This, despite the fact that the Winnipeg market held relatively firm during all the session.

Corn receipts continue to be heavy --1,217,000 bu compared with only 449,000 bu last season. There was again a fair amount of export business reported, but just now we are in competition with the new crop in the Argentine, where prices are very similar to ours; so from now on our share will be smaller than it was. The price of this cereal, however, will depend largely upon the outcome of the new crop, and at the present time weather is reasonably favorable. There were no rains whatsoever reported in Illinois, but rather too much moisture in Iowa; these two places being the largest producers of the yellow cereal.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 1, 1938.

Wheat news was extremely bearish today, with very little encouragement for higher prices, unless there should be great changes in the general situation. The fact that the stock market continues to be very strong, therefore, creating a better feeling in business circles, was the only help the market had at times.

The weather was ideal, and there were heavy rains during the past 24 hours over Saskatchewan in the Canadian provinces, as well as over portions of northern and central North Dakota; and light to moderate showers over South Dakota, and Minnesota, which were just the kind the farmers wanted. Then again, temperatures continue warm over the Southwest, with generally dry conditions, which is very favorable for harvesting. Similar conditions more or less are predicted for the entire wheat belt.

Very frequently at this period of the year great anxiety exists as to what might happen during the next two or three holidays--preceding and during the Fourth of July. Of course, whenever there is lack of subsoil moisture, with high temperatures generally prevailing early in July, spring wheat crops frequently go backward very quickly. However, it seems rather encouraging, with the rains which have fallen already in the spring wheat territory, and those which are likely to come, so it would be useless to worry about much damage occurring to the spring wheat crops in the interval before we reopen our session next Tuesday. It is difficult to predict or think further ahead, but with the private estimates out today it really will not matter much whether or not from now on there should be moderate reductions. The crop outlook for final yields is so promising that in any case the total quantity in North America will be so big that it is bound to be burdensome for a long time to come. It looks very much like a situation such as we had in 1932-33 when world supplies were so large that it seemed almost hopeless to absorb them. However, during the four succeeding years, when extreme droughts had prevailed, the final stocks were reduced to normal or subnormal proportions. Bumper crops are just as scarce as total crop failures. So in all probability next season's yields per acre will not be as large, and if in addition the acreage in the United States will be reduced in due course of time from 80 to 55 million acres, the situation is likely to be corrected. But if other countries also do not reduce their acreages it may take longer to accomplish this object than is desirable.

Average yields of the private crop experts are estimated at 779 million bu for the United States, and 363 million bu for Canada, or a total of 1,342,000,000 bu for all of North America. Estimating the consumption at 770 million bu would leave 572 million bu for export and additional carryover above what there will be on hand today. Inasmuch as total exports from all countries were only 500 million bu during the past season, it is quite obvious that the competition among exporters will be keen during the next 12 months. Not only has the Southern Hemisphere larger stocks on hand now than it had same period in 1937, but we are advised that Russia is offering wheat very freely, that India may become an important factor, and also Rumania and Hungary alone expect to have 50 million bu more than a year ago. Exports for 12 months from Argentine and Australia together on present acreages might alone be 250 million bu.

Liverpool cables closed at a decline of 5/8 to 1 1/4¢ per bu compared with the previous day.

Argentine shipments were 1,598,000 bu this week compared with 1,087,000 bu same period a year ago, and Australia cleared 3,035,000 bu versus 2,167,000 bu in 1937. The visible supply at both places is considerably larger than last year, approximately 10 million bu; therefore, we look for heavier exports from the Southern Hemisphere from now on. With this competition, export business from the United States is still very small, and we heard of very few transactions consummated overnight.

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The open interest in July wheat is decreasing normally-- the reduction yesterday being 1,968,000 bu, and total open contracts in that future have been reduced to 12,962,000 bu. The total open interest of all futures is only 70,601,000 bu. If we are correct in our surmise, starting next Tuesday receipts at all terminal markets will be very large, and new buyers will be needed to absorb the additional hedging sales. Therefore, the market appears to us to be in a rather weak position.

Primary receipts are enlarging, and today amounted to 2,240,000 bu compared with 1,013,000 bu last week, and 3,075,000 bu a year ago. Stocks at Kansas City, Duluth, and Minneapolis so far this week show an increase of 889,000 bu; we look for a very substantial increase in the visible supply on Monday.

During the last hour there was quite a good reaction upward from the low points, all due to the great strength in stocks when the industrial average showed another high point on this movement. At the close July and September wheat showed an advance of 1/8¢ per bu compared with yesterday.

We received a letter today from one of our correspondents in Hong Kong under date of June 9th, which reads as follows:

> "Owing to the continued bombing of Canton by the Japanese, business with that port and interior points is impossible at the present time. Our chief flour buyer went up to Canton yesterday and last night he telephoned to say that all the flour shops were closed and business was impossible. In consequence there will be no further purchases of flour in America and Australia, and there will be no outlet for wheat in the form of flour from these two countries until conditions change."

We had rather expected in view of the great devastation in China, and consequently a smaller wheat crop, that possibly the Oriental demand would increase, but whenever there are wars it is difficult to tell what the final result will be regarding international trade, particularly where there are so many exchange difficulties.

Primary receipts of corn continue to be large --1,372,000 bu; while there is a steady export business the demand is about sufficient to maintain prices, but it is difficult to boost them. This may change, however, should there be a poorer outlook later regarding the new crop prospects, and July and August are the most important months for the development of this cereal.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO July 5, 1938

This period of the year is very frequently quite critical for the ing wheat crop in our Northwest, as well as in Canada. As a mat- of course the sun is very strong at this time, the days are long, if there is not sufficient moisture in the ground, or if the plant not favored with occasional thunderstorms or rains, frequently re is great deterioration in the outlook. In fact, we believe tistics will show that the spring wheat condition more often de- nes during the month of July than otherwise. However, this season weather over the 4th of July holiday was exceptionally propitious all that could possibly have been wished for.

They had excellent rains in our Northwest, as well as in Canada; furthermore, they had dry weather in the Southwest, where harvest- is going on, and the farmer is enabled to bring his crop to market der very favorable circumstances.

Yesterday while our markets were closed, Liverpool, as well as nipeg, was open, and they foreshadowed what we might expect today registering considerably lower values compared with past sessions. erpool finally closed 1 3/4 to 2 3/4¢ lower than Saturday, and de- nes at both Winnipeg and Minneapolis were very severe. It is very dom that there is such a one-sided condition as exists today. There ems such little encouragement for the bull at the moment, although have seen already that changes come from unexpected quarters at an xpected time, and it is still possible that the spring wheat crops, ch are very promising at the moment, might deteriorate afterwards. o whenever the loan price to the farmer will be announced by the icultural Department, it might induce a great many farmers, who erwise would sell their wheat, to take loans from the government have it stored.

European millers and speculators view the situation very much the e as we do, and are only buying very reluctantly, preferring to let cks run down with the expectation that as soon as the Canadian crop es in volume they can buy to better advantage. Therefore it is not prising that the on-passage stocks have decreased again to 920,000 bu compared with 36,856,000 bu last week. Crop reports m Europe continue mostly favorable, although they are somewhat mix- but Russia, which might become an important factor as an exporter s year, reports good to excellent prospects in the large wheat ducing areas. The Balkan states anticipate a very much heavier plus for export, and so does France. Even Italy, which had suffer- so much earlier in the season, now claims that results are much ter than early expectations. Altogether it does not look as if the orting countries would need a great deal more wheat to fill their ds than last season, although owing to a lower price and a desire to ate larger reserves in preparation for war contingencies, they ht later on accumulate larger stocks.

World shipments were larger than last year, being 10,367,000 bu pared with 8,879,000 bu last year, but North America did not share this additional demand, and clearances were only 2,670,000 bu ver- 3,601,000 bu a year ago. However, Argentina, Australia, India and ck sea ports all exported more, and as they all have larger quan- ies to sell than in 1937, we think, from now on their competition l be very keenly felt.

Receipts today in the Southwest were enormous; Kansas City alone eived 3,579 cars, and that market together with Amarillo, Enid, Hut- nson, Wichita, Fort WORTH and Salina received a total of 9,099 cars. se we estimate must contain considerably over 12 million bu. As export demand is extremely light and domestic millers also are suing a very cautious policy, the bulk of this wheat is being pur- sed by elevator concerns in the different markets and is hedged in s city. Inasmuch as the Kansas City market, the biggest in the thwest, does not attract enough buyers to absorb their own hedges, reat deal of same are coming to Chicago, Just now Kansas City fu- es are selling about 6¢ under ours, and, therefore, it does not

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offer any great inducement to use that market for protection at such a big discount . It was, therefore, not very surprising that what we predicted for a long time would occur: namely, heavy additional future sales as soon as the movement started has finally become the important factor in all grain markets in this country.

The visible supply showed an increase this week of 3,082,000 bu and from now on we expect steady gains in the wheat stocks at terminal markets; a large share of it will have to be hedged, and therefore new buyers will have to appear. This is a situation which is not very unique, as it happened frequently before; but, generally speaking, it had the effect of lowering prices, as those additional buyers could only be found at concessions.

The open interest is only gaining very slowly, amounting at the present time in all futures to 70,123,000 bu, and we should not be surprised if this amount would be doubled before we had seen the maximum of our movement.

Primary receipts of wheat over the holiday were 8,831,900 bu compared with 9,049,000 bu last season, when the crop was earlier.

At the close our market showed a decline of 2 1/2¢ per bu for July and September wheat.

Corn receipts continue fairly large, and primary receipts for two days amounted to 1,489,000 bu compared with 1,326,000 bu for one day last week and 737,000 bu for two days last year. The visible supply showed another increase of 695,000 bu, and the total is now 23,799,000 bu compared with only 5,346,000 bu last year. The export demand is only fair, and as long as the movement continues on this heavy scale, it is not easy to boost prices of the nearby deliveries. However, there is a strong sentiment that the new crop is not doing as well as it should, and very frequently during the months of July and August we have crop scares, which, if speculation should set in, may lead prices higher.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 6, 1938

The wheat news continues to be discouraging for a permanent investor in wheat, as in the main, the weather both here and in Europe is very favorable for producing satisfactory yields or better than average. We still consider the outcome of the Canadian crop the most important factor in price making, inasmuch as there will be no great changes from now on, so far as our winter wheat is concerned. It is true the good prospects for our Northwest spring wheat crop might change somewhat, but the importing world depends so much upon the size of Canada's yields to fill their requirements.

Sanford Evans, under date of July 4th, reports on Canada as follows:

> "Widespread rains, ranging from one quarter to more than three inches, have improved crop prospects in the prairie provinces. While not generally heavy in Manitoba, the Southwestern portion fared well. Northeastern Saskatchewan received only light precipitation but nevertheless crops will benefit. Falls of one to three inches were recorded at many points in the central and southern parts of this province. Latest reports from the Peace River country in Northern Alberta, while stating that wheat is heading short, mention that fair to good rains have brightened prospects. Elsewhere good conditions have been maintained and added to. Grasshopper ravages have been checked by efficient control and the recent rains will further hamper these pests. Worms are no longer a factor."

The weekly weather crop report on Minnesota states the crop is mostly headed and in Eastern South Dakota cutting is under way. Harvesting is practically completed in the extreme South. In some areas rains delayed harvest and there was some damage from rust. Some reports indicate further spread of rust in northern areas. In Montana the outlook for much of the crop is from very good to excellent. As the spring wheat crop is comparatively early, chances for much rust damage, particularly where such a large area was seeded which is rust-resistant, are considerably smaller than in other seasons.

From Europe, Broomhall reports that the outlook for most European countries is quite favorable, and it now appears that yields will be larger than expected earlier in the season in several southern countries. Estimates of the Italian crop have been raised considerably and the outturn in Portugal is exceeding estimates. Reports from the Balkan countries and Hungary are good and crops are practically assured, with a good quantity for export. Russia will also have a good surplus if present promises are fulfilled. While it is much too early to count on the outcome of the crops in the Southern Hemisphere, nevertheless we are assured now that the acreage in both the Argentine and Australia is fully as large as last year, if not larger. Moisture conditions are satisfactory and the prospects, particularly in the Argentine, are for very much larger yields than in 1937.

Under these circumstances, we can see no scarcity anywhere. On the contrary, it looks as though the world wheat crop will be far in excess of the year's normal consumption and that a year hence stocks in all positions will be very much bigger than they are now. Europe is very well posted about all this, but their futures gained on ours of late. In spite of our weakness yesterday, their futures declined only 7/8 to 1¢ a bu. They were very largely influenced by the heavy purchases on part of Italy, and it was reported that country arranged for 7,360,000 bu wheat from Hungary.

So far as our wheat market is concerned, more attention is being paid to what the government loan price will be than to statistics.

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It is generally agreed that if wheat were left to its own fate, prices would gradually decline on account of the tremendous surplus, considering the poor export demand, but at a certain price lots of wheat might be locked up by the government and reduce the pressure that much. So far, nobody knows what the government loan price will be, but it is generally assumed it will be about 60¢ to the farmer. Will it be 60¢ to every farmer, regardless of location, or will it be the average? We cannot imagine that the price will be the same to a farmer who raises his crop 100 miles distant from Chicago, as it would be to a farmer in Kansas, who might be 500 to 800 miles away from this city; so there is still a great deal of uncertainty, and this was the cause of many fluctuations today. A great many shorts covered, not being willing to have many engagements until they can use their brains and can calculate better what the final outcome of the government loan arrangements will be.

We had again fair showers in Minnesota, North and South Dakota, as well as Montana, and at one time during the session great efforts were made to create a rust scare in the Northwest, but again hedging sales prevented too sharp advances. It may seem tiresome to mention these hedging sales daily, but we are afraid we shall have to continue to do so for many days, weeks, and perhaps a few months, as they will be all-important. Just as during the last three or four months the fact that hedges had to be taken out of the market created a comparatively firm undertone, so daily sales now against cash purchases will have the opposite effect.

Primary receipts of wheat were large today, 3,969,000 bu versus 3,481,000 bu last year, and stocks at Kansas City in one day increased 950,000 bu. In the Southwest at interior points, Salina, Wichita, Hutchinson, Fort Worth and Enid received 1,631 cars, while last year they received 1,920 cars. However, considering that nothing was loaded either Sunday or Monday, we look for very much heavier arrivals tomorrow. As we anticipated on account of these hedging sales, the open interest is bound to increase right along, and new buyers will have to be found. The increase yesterday was 1,545,000 bu, and now amounts to 71,668,000 bu.

At the close our market showed an advance of 1 1/4¢ for July wheat and 1 1/2¢ for September.

The corn market continues to have a firm undertone. There is a fair amount of export business reported, and fears are entertained that the crop is not doing as well as it should. The outcome of the corn crop depends upon the weather in July and August, and, therefore, guesses as to the final yields at the present time are a little premature. Receipts, however, continue very heavy, amounting to 1,018,000 bu compared with 824,000 bu last week. The market showed a moderate advance.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO July 7, 1938

After our session closed yesterday, the Searle Grain Company of Winnipeg, came out with their report, estimating the wheat condition of the three western provinces at 87% of normal, compared with 4% at this time last year. These figures speak for themselves and make it evident that last season at this time the prospects were so poor that a failure, such as finally resulted, was a foregone conclusion. The result was one of the smallest yields per acre in over 20 years. So far this season everything is full of promise, by way of comparison. We assume that the present prospect on an 87% condition would indicate a crop of approximately 350 million bu, and added to that the quantity which will be raised in Eastern Canada, would give a total of 365 million bu for that country. This would give an exportable surplus of approximately 250 million bu. If we add to this the amount likely to be raised in the United States above consumption (00 million bu) and if we assume that the Southern Hemisphere, with normal yields, could ship 250 million bu, we would have available from these three sources for European and ex-European needs 800 million bu.

Other exporters are less important and during the past season India, the Danubian countries, Russia and other minor exporters supplied 115 million bu. In all probability they will sell more this year as Russia's prospects are very good and France now estimates (and this is official) that this year's crop will be about 324 million bu, compared with 254 million bu in 1937, or 70 million more. During the past year ended June 30th, all importing nations took only 43 million bu of wheat, and it is, therefore, apparent that unless the requirements are much more this season, the exporting countries could almost furnish two bushels for each bushel which is needed. In any case, indications point to very plentiful supplies which cannot possibly be absorbed during the next 12 months, and which will leave us with very large stocks on hand a year hence. Later on, of course, much stress will be laid on the fact that the acreage in the United States will be very largely reduced-- possibly 25 million acres-- and therefore, a repetition of such crops as are being harvested in the world this season is not likely. This is entirely correct, but unless we should again have drought years and poorer crops, it is also obvious that the reduction in crops in the United States alone will not be sufficient to bring the world wheat production and consumption more nearly in line with each other.

Liverpool cables showed an advance of 1 to 1 1/4¢ a bu over yesterday, being very largely influenced by our strength. They are receiving quite heavy shipments from various countries in comparison with last year. Black sea clearances were 1,168,000 bu versus 508,000 bu last year. This includes shipments from Russia amounting to 824,000 bu, where none was shipped in 1937, and the impression is gradually gaining that Russia may become an important factor as an exporter this season and a big competitor of the United States also.

So far as export business from this country is concerned, there is some going on all the time, but the demand is not very urgent and is not in large volume. We doubt whether the shipments from now until the time Canada is ready to dispose of her new crop will amount to more than 10 million bu a month.

Our market was largely influenced early by the strength in Wall Street stocks and other commodities, and the conclusion drawn therefrom is that business is on the mend and that consequently, consumption ought to improve. There is no question that in good times more flour is used than when there is a depression, not only because more people can afford to buy it, but in this wealthy country there is always a great deal of waste when earnings are high. The handicap, however, to advancing markets at the present time is the very heavy receipts and the increased hedging sales which have to be absorbed each day, and it looks to us as though this condition will last for a long time. At present, the movement in Illinois, Indiana and Ohio has just started. The weight of the Nebraska crop, which is very large, will be felt later. After these states are through, then comes the movement in our spring wheat territory and in Montana, where by way of comparison, much larger yields than last season are expected.

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New buyers have to be found right along, and yesterday again the open interest increased 1,082,000 bu to 72,750,000 bu. However, unless tremendous quantities of wheat should be stored, either on account of government loans, or otherwise, we should not be surprised to see this figure climb to over 100 million bu very soon.

Primary receipts were very heavy-- 4,573,000 bu versus 1,779,000 bu last week and 4,369,000 last year. Stocks at Kansas City for only two days increased 1,583,000 bu, and we anticipate a very large increase in the visible supply on Monday.

At the close our market showed a decline of 3/4¢ for July and September wheat.

The corn movement is getting smaller and primary receipts were 507,000 bu compared with 1,217,000 last week and only 95,000 last year. Sentiment is quite strong that corn will do better and is largely based on the fact that the export business continues and that possibly the coming crop will not turn out so well as the last one. There were several cargoes of corn sold for shipment abroad last night-- possibly close to one million bu may have been worked the last few days.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 8, 1938.

From present prospects, and from best information which is available to us, we can see no shortage of any cereal this coming season, but we do believe that later on a great shortage of storage room will develop in North America. We also believe that the government figures which will be given to the trade on Monday, the 11th, will confirm that yields of wheat in the United States will probably be 300 million bu above home consumption, and with approximately 200 million bu carried over on July 1st this year, there will be a quantity of 500 million bu less the amount we shall export, which will have to be stored either on farms or in elevators on July 1, 1939.

From appearances at this time the outlook for exporting wheat is for considerably less than 100 million bu, and possibly might not be much more than 50 million bu. So far we are starting rather poorly. According to the Department of Commerce, exports of United States wheat during the week ended July 2nd, totaled only 1,129,000 bu, and with an addition of approximately 56,000 barrels of flour which were shipped across the sea, total clearances were just about equal to 1 1/2 million bu. Yet, this is our best time for getting rid of our surplus, because at the moment Canadian competition is very light, but is likely to be very keen after their new crop comes on the market. This, particularly so, as our own private reports about the outlook in Canada are extremely favorable. We had one message from a party stating that he understood that the Saskatchewan pool reports a condition in that province of 109 per cent. A condition of 100 per cent would equal about 16 1/2 bushels per acre, or present estimate of over 18 bu per acre. We think, but are not sure, that Saskatchewan has planted at least 13 million acres, so there would be a prospective yield of 234 million bu, with 10 million acres or more left in Manitoba and Alberta. This matter will become clearer this afternoon when the Canadian report will give us the actual acreages in the three provinces. In any case, we now assume that prospects for the three provinces are at least for 350 to 360 million bu or more, to which yields in eastern Canada of about 15 million bu will have to be added. We, therefore, anticipate a very bearish report after the close of our session this afternoon.

These favorable reports are fully confirmed by other sources, I quote from the Free Press wherein they state that moisture conditions in Saskatchewan are ideal, and the growth the best in ten years. The Bank of Montreal also issued a highly optimistic statement regarding the outlook.

In the meantime, Europe seems to be getting very large supplies of wheat from the Southern Hemisphere. Australian clearances this week amounted to 3,257,000 bu, and those from Argentina, 688,000 bu. We would not be surprised, therefore, if world shipments next Monday should again be larger than those of the corresponding week a year ago. This would be the second week that this has happened, and is at least encouraging from the point of view that steady consumption in Europe is going on, as we do not believe in view of the good crop outlook in Europe that there is a tendency to accumulate stocks at the present time. Crops in Europe are also getting along nicely; Broomhall repeats almost daily the wonderful outlook in France, but possibly steps will be taken so that the surplus will not become burdensome, and much of the wheat might be used for other purposes than for consumption by human beings.

In the meantime, substantial chartering is going on from the Black sea ports, but it is difficult to tell whether the boats will be filled with wheat or other cereals. It is generally expected that Russian wheat shipments this coming season will show an increase over those of the year before.

Liverpool cables showed only a modest decline, futures losing 3/8 to 5/8¢ per bu compared with the previous day. They are very largely influenced by the news from North America, and when our market

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showed reasonable strength before their close there was some short covering, and a sympathetic recovery from the lowest points.

As far as weather conditions in this country are concerned, they are entirely satisfactory. Moderate showers have occurred during the past 24 hours over the Northwest, also extreme eastern Kansas, Missouri, and Illinois, while over the Southwest rainfall was mostly light. Temperatures are about seasonal in all districts; indications are for generally fair weather almost everywhere; therefore, will not interfere with harvesting in the Southwest.

Receipts in the larger interior points in the Southwest continue quite heavy, although today they are not as big as last season; Salina, Wichita, Hutchinson, Fort Worth, and Enid received 1,236 cars compared with 1,391 similar period in 1937. However, receipts at terminal points are very heavy, and particularly at Kansas City where stocks are increasing very fast, amounting to 2,823,000 bu so far this week. Total primaries today were 4,585,000 bu versus 2,270,000 bu a week ago, and 4,257,000 last year. At Kansas City alone they amounted to 1,633 cars against 1,374 last year.

We would say generally speaking that the wheat news was all bearish today, and yet with the exception of the opening we had a very firm market during most of the session. This, in spite of the fact that the stock market was weaker, and its strength of late had been quite an influence. We believe this is largely due to the fact that we are nearing the period now when the government will give out the loaning price, and a great many people prefer not to have many engagements until they can reason out what the situation will be after that time. We are faced, however, in the meantime, with another government report as to the size of the crop in this country; we believe that the estimate will be for fully as much as the private experts gave us, and possibly more.

Fluctuations were comparatively smaller than of late, and at the close September and December wheat showed an advance of 3/8¢ per bu compared with yesterday.

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CHICAGO MERCANTILE EX.

July 11, 1938.

Chicago is the greatest wheat market in the world for trading i futures; therefore, the size of local contract stocks in this city wich might be delivered is always of very great importance. Last season the movement to this market during the month of July was reasonably heavy, but did not last very long, and the quality of the wheat was poor, so there was more or less scarcity of contract quality all during the twelve months, which had never been entirely relieved. The amount of contract stocks finally carried over into this crop was extraordinarily small. We believe that this year the situation will be just the opposite. The movement up to date (and i is very early to expect heavy receipts) seems to indicate to us that we are liable to receive very heavy supplies to this city. So far t-date Chicago receipts were 2,310,000 bu, and with today's estimated receipts of 991 cars, or already practically 4 million bu in sight and lots of it on track not yet unloaded.

In 1937 receipts were only 1,739,000 bu up to the 9th. The biggest receipts Chicago ever received during the month of July were in 1914, when they amounted to 21,094,000 bu. We doubt whether it will be anything like that much this year, but the way the movement has started we must anticipate a large quantity of wheat to come here. This particularly so as the crops in Illinois and Indiana, tributary to this market, turned out very much better than expected earlier in the year.

Inasmuch as we have fairly large quantities already of corn in elevators here, with a large crop of oats in sight, for which space also will have to be provided, we anticipate a situation where before long all the available room in this market might be used. At the present time there are no indications that any of this wheat is likely to be exported, as the demand from abroad is being taken care of by the Southwest at relatively lower prices. In a situation such as this we expect that elevator concerns later on might be very anxious to make room for new arrivals, and, therefore, will be in a mood to make deliveries; others would then be compelled to ship out the wheat or pay heavy storage charges, and under the circumstances we look for a widening of the carrying charges between the nearby and more deferred futures.

Liverpool cables were quite strong. While December wheat was unchanged, July advanced 1 1/8¢ per bu. Broomhall gives us the reason that reports were received about rust fears in our Northwest; but neither the Minneapolis nor the Winnipeg market showed any great anxiety about the outcome of their crops.

World shipments were again very large by way of comparison with the same week in 1937, and amounted to 12,178,000 bu versus 6,864,000. So far this season importing nations have taken about 7 million bu more than last year, and possibly these lower prices will bring about a relatively better demand, at least an increased consumption would be a normal conclusion. Of course, the wheat which has been exported has not yet all been absorbed, as the amount on passage increased about 1,600,000 bu, and is now approximately 5 million bu larger than in 1937. Practically all the exporting nations profited from this increased demand, and North America, Argentina and Australia, as well as the Black sea ports, all had larger clearances.

As far as European crops are concerned, the general news is extremely favorable, and it is now expected that the crop will be the largest of post-war years, with the exception of 1933-34. The Danubian countries have a combined harvest of about 40 million bu larger than last year, and liberal offerings of Russian winter wheat indicate favorable harvests in that country. The carryover stocks are also somewhat larger than a year ago, which will further increase world supplies.

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Nevertheless, markets here are very steady, chiefly on account of fears that black rust might yet do sufficient damage to reduce yields in both Canada and the United States. We ourselves are not very much alarmed that this will happen, as the crops are fairly well advanced, the weather seems to be very normal for this time of the year, there is a great deal of rust-resistant wheat planted, and while there might be some damage it would come from what otherwise looks like very bountiful yields.

In the meantime new export business sesms to be very limited and redeipts in the Southwest are very fair, Wichita, Hutchinson, Salina, Enid, and Fort Worth receiving 1,923 cars compared with only 1,449 cars last year. Primary receipts of wheat are large, although smaller than last year, being 7,402,000 bu against 8,615,000 bu in 1937.

The open interest continues to increase, and is now 77,134,000 bu, gaining 2,197,000 bu on Saturday. This condition will continue as long as such a large quantity of wheat has to be hedged daily.

The visible supply showed an increase this week of 13,682,000 bu compared with an increase of 11,459,000 bu last year, and the total now amounts to 41,291,000 bu. Last year the two weeks following this increases in the visible were tremendous being about 42 million bu during that period, and the week afterward the increase was 18 million bu. Whether or not this will be duplicated this season to such an extent is difficult to predict, but in any case, the increases will be large. What will be different, however, from last season is that when the heavy movement stops in the Southwest, the spring wheat movement will make its appearance; and with prospects for much larger yields than in 1937 increases in the visible supply might last for a very much longer period.

Trade was comparatively quiet. This is usually the case on days when the government gives its estimate, and at three o'clock this afternoon we shall be advised of the latest outlook for both spring and winter wheat. At the close the September wheat was 3/8¢ per bu higher, and the December 5/8¢ higher.

The visible supply of corn shows a decrease of 1,994,000 bu, and has now been reduced to 21,805,000 bu, but it is still very much larger than a year ago when it was only 5,976,000 bu. Export business continues, but primary receipts are heavy enough to take care of it, so fluctuations are confined to small fractions.

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CHICAGO MERCANTILE EX.

CHICAGO July 12, 1938.

The government issued its crop report estimate yesterday afternoon after our session had closed. It contained comparatively few surprises. The total estimate for winter and spring wheat combined of 967 million bu was in line with expectations. For sometime it was anticipated that this year's wheat crop might be close to one billion bu, and it may still be possible that yields finally will be near that figure, as a further comment was made that in the spring wheat territory on July 1st stem rust was present in many localities, and allowance has been made for probable loss from stem rust, local drought conditions, and grasshopper damage in north central South Dakota and south central North Dakota. Inasmuch as in the main weather has been quite favorable since that time, and still is so, it is possible that final estimates will have to be raised and that the present figure might possibly be the minimum.

In any case a crop of this size would be approximately 300 million bu above the estimated home consumption. In view of the fact that Canadian prospects are also very favorable, as well as those in Europe, with a larger carryover in both Europe and North America than last season, one ordinarily would look forward to a very low level of prices. However, the reasoning which was applied in former years must be entirely changed on account of various new laws, which will make the amount of stocks to be carried by the public and farmer much less burdensome. If we assume that we shall not export more than 50 million bu, and have an approximate carryover of 200 million bu, there should be available close to 450 million bu of wheat in this country on July 1, 1939. This is more wheat, we believe, than ordinarily could be taken care of at the present level of prices; and, therefore, it would be quite safe to predict a lowering of values during this crop year.

However, the following will have to be taken into consideration: It is assumed that possibly 50 million bu will be stored in connection with the crop insurance loan. Furthermore, the government is buying flour at the present time, and probably will continue to do so during the crop-year for the purpose of feeding the unemployed. Whenever an article is cheap, and in this case it will cost nothing to the recipient, it is generally used in a most liberal way-- a large part of it might be wasted, and in this way there will be an increased consumption. In addition to this, and most important, as according to the laws it will become mandatory for government agencies to make loans to the farmer, a certain amount will be carried for future periods and will not be pressing on the market. How much the total quantity to be so stored will be is impossible to tell at the moment. Much will depend upon the loan price, and same has not yet been announced.

The other side of the picture is this: The wheat which temporarily will be absorbed through loans will still be in existence, and will be a threat to the market on any sharp advance. Moreover, wheat is a very expensive article to carry, as storage, interest, and insurance charges accumulate very quickly; and whether these items are being paid in this way, or whether they are being added to the price of the deferred futures, is immaterial-- the cost is there. Consequently one has to take a long-time view and take these charges into consideration. With the present price of December wheat, we assume that May wheat as soon as it is traded in freely will sell close to 70¢ a bu; and should this price be reached there is a possibility that some of the stored wheat will come on the market. Anyhow, the investor, or the farmer who stores the wheat, would only have a profit if a level of prices, including cost of carrying, would be reached. Considering all conditions aforementioned, we would regard this present level of prices plenty high enough.

Weather in the United States, Canada, and Europe continues to be very satisfactory, with the exception that it is too dry in parts of Russia; and should it continue, spring wheat there will suffer. As a general rule the spring wheat acreage in that country is about

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twice as large as the one of winter wheat.

Liverpool cables were rather indifferent early, but when our market showed strength they followed immediately, with futures there closing 7/8 to 1 3/8¢ per bu higher than yesterday. However, European millers seem to be taking a waiting attitude and are buying very sparingly, although some export business from the United States is taking place almost daily.

Primary receipts were 5,001,000 bu compared with two days last week when they were 8,831,000 bu, and only 3,660,000 bu last year for one day. Hedging pressure was not in evidence on a large scale, but yet the open interest yesterday increased 3,272,000 bu, and is now 80,406,000 bu.

The fact that we may hear almost any day now what the loan price will be, and as nobody is quite sure whether it will be high enough to be bullish or low enough to be bearish, great uncertainties will continue to exist until this is out of the way. In the meantime, nobody ventures to be short a great deal.

There was some trading today in May wheat at 3¢ over the December future. We consider this a very small difference considering that September and December wheat are about 2 1/4¢ apart for only three months, and would be a very small carrying charge unless it should widen. We, therefore, recommend the sale of December and the purchase of May wheat at this difference. We think when May wheat will be traded in more freely, and considering it is a very favorite delivery, it will bring a relatively better price.

At the close September and December wheat showed an advance of 2 3/8¢ per bu.

There was unexpected strength in corn today. This cereal has shown a firm undertone right along; Chicago receipts are now very moderate, being easily absorbed. Total primaries were 1,167,000 bu versus 1,489,000 bu last week. Export business continues. We usually have crop scares in July and August.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 13, 1938.

Liverpool cables showed an advance of 1 7/8 to 2 1/8¢ per bu o their futures. This was about in line with our yesterday's gain i prices, but the trade just now has other things to worry about tan the foreign situation. It is taken for granted that our export osiness during the year will be only very moderate and the question ipermost in the minds of traders is how large a quantity of wheat vll be removed from the market during the next 12 months through gvernment loans. If all the wheat which was raised in the United Sates this year would come on the market, the burden would be so geat that an extremely low level of prices would have to prevail. Te quantity which will be absorbed by government agencies naturally vll depend upon the loan price. The Wall Street Journal has an atticle on the front page of today's issue, from which we conclude tat they must have some advance information, and we assume it will o an average rate of approximately 60¢ a bu, but different prices vll exist according to the distance from terminal points, and freight rtes will have to be taken into consideration.

This level of prices is quite in line with what we expected, bt lower than a great many had hoped for. At present prices for or futures we doubt whether it would interfere much with the free nvement, and we believe millers and elevator concerns will be able to ntinue to buy rather large quantities. We think the amount that vll go into storage for government agencies will be only moderate, nless further breaks should occur. It is quite evident that not eery farmer will wish to take advantage of the loan, even though it ight be profitable, because he will obligate himself and generally seaking, he does not like to go to all the trouble of making applica-ion, etc., etc.

Inasmuch as yesterday's advance was largely based on expecta-ons that the loan price might be published today, and possibly be llish, there was a calmer feeling, and under the influence of con-nued hedging and realizing sales, lower prices prevailed. Receipts l interior points in the Southwest continue to be fair --Salina, Vchita, Hutchinson, Fort Worth, and Enid received 919 cars, compared vth 840 cars same period last season. The open interest continues increase as we expected, and open contracts yesterday were 826,000 bu larger than the previous session, now amounting to ,232,000 bu.

Naturally, for every seller there must be a buyer, but the ifference is that a large part of the sellers are hedgers who will t change their commitments until the cash grain is actually sold, vile many of the buyers are speculators, and, therefore, if they ange their opinion about the value of the wheat, more pressure may put on the market. Just now it may be possible that a large rt of the hedged wheat has been absorbed by domestic millers, as e flour demand during the last week has been enormous, and it is st possible that millers have not been able to buy the cash wheat st enough for their needs, and in the meantime, protected themselves rough the purchase of futures. Naturally, as they gradually absorb e cash wheat, these futures will be sold again. In the meantime, is big business which was consummated must have had quite an effect the market. According to the Northwest Miller, flour sales during e past week were equal to 230% of capacity in the Southwest, com-red with 28% in the preceding week. Sales in the Northwest did t reach the expected volume, but were more than double those of the evious week, averaging about 150% of capacity. It is particularly gnificant that the largest bakery chains did most of the buying, d three or four of them purchased one million barrels during the ek, which is equal to 4 1/2 million bu.

Next in importance are foreign crop conditions --the general nsensus is still very optimistic, with very few complaints, and e one exception is the deterioration in the spring crop in Russia. st of the wheat exported is from the winter wheat districts adjacent

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CHICAGO MERCANTILE EX.

CHICAGO July 14, 1938.

The wheat market was weak early, influenced by the general
rld situation, which, from point of view of supplies, is rather
ssimistic. Sentiment changed immediately when the wheat loan price
s announced from Washington. The prices for loans available to the
rmer are higher than was generally expected, although some optimists
ought they would be still more advantageous; but we ourselves would
ve guessed that the basis in the chief grain markets: namely,
nsas City, Chicago, and Minneapolis, would be less.

The loan rates at terminal points would be about as follows:

Kansas City	No.	2	hard wheat	72¢
"	"	2	red "	70¢
Omaha	"	2	hard "	71¢
Chicago	"	2	hard "	77¢
"	"	2	red "	75¢
Minneapolis	"	1	dark hard northern spring wheat	81¢

would say offhand that these prices are from 2 to 5¢ per bu higher
an the farmer can obtain at the present time if he disposes of
s wheat through regular channels. Whether this difference will be
fficient to induce him to make loans, with speculative possibilities
there should be a big advance later on, but compelling him to ac-
pt restrictions on the acreage, etc., will remain an open question.
doubt whether on basis of present loans much of the wheat would
stored now. For the farmer who has the facilities there is
other inducement; if he keeps the wheat away from the market and
ores it on his own farm, he may get during the crop year carrying
arges of as much as 7¢ per bu. This will naturally retard the
vement to some extent; and then one has to guess whether there will
t still be plenty of wheat left for all other purposes, and possibly
o much, unless the amount stored should run into higher figures than
believe at the present time.

The present arrangement, we think, will not entirely do away
th the export business, and this will continue on a moderate scale
til the Canadian wheat will be offered more freely in competition.
is our positive conclusion that this loan arrangement will prevent
ch sharp declines as otherwise might have occurred, but it may not
so entirely.

After an early bulge, caused by the announcement of the loan
ice, a sharp decline took place. This in recognition of the general
rld situation. Crop prospects in Canada are so wonderful that in
l likelihood that country might produce yields from 350 to 400
llion bu, and it is more apt to be the latter figure. This, in our
inion, with the fine prospects abroad, will lead to a very low world
vel of prices, and then, of course, it may not be easy for this
untry to escape it entirely. Were it not for the fact that supplies
the United States this season probably will be as large as they
ve ever been, the situation might be different. With approximately
0 million bu of wheat carried over, which is not subject to the
an price, and with another crop of 300 million bu above home con-
mption, and possibly more, there probably will be still more left
r commercial purposes than in many a normal year even after deduct-
g the quantity of wheat likely to be stored.

It will be interesting to watch the movement from now on, which
present is very heavy. Salina, Wichita, Hutchinson, Fort Worth,
d Enid received 881 cars today compared with 852 last year. The
vement to Chicago and Kansas City is also very heavy, and some of
e elevators in the latter city are so blocked that they have to
it to unload more cars before they can continue buying aggressively.
is has a tendency to weaken premiums in the Southwest, and cash
eat was a little lower today in comparison with the futures.
imary receipts of wheat continue heavy, 5,018,000 bu versus 4,573,000
last week, and only 3,783,000 bu last year. We look for a

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tremendous increase in the visible supply. It will be a long time before the hedges on winter wheat decline considerably, and after this is over, we shall face a bigger spring wheat crop than we have had for many years, whendrought had reduced yields in our Northwest.

The open interest increased again yesterday 2,699,000 bu, and is now 85,931,000 bu. Unless a great deal of this open interest is due to millers' purchases, speculators must own a very large amount, and, therefore, whenever they get scared there will be free offerings, for which new buyers will have to be found. This is what took place during mid-session. After the first rise on the announcement of the government loan, when prices did not advance as much as some had hoped for, and when realizing sales took place, it did not take very long to bring about sharp declines. The weakest market was Winnipeg, as a great many spreads had been made buying their futures and selling ours, and with the fine crop prospects in Canada now, these transactions do not look very profitable at the moment.

There was considerable narrowing between September and December wheat. This, in our opinion, is entirely due to a scare. As a general rule whenever traders have a loss in spreads and it goes the wrong way, they take their loss, and if a great many try to do it at the same time, the effect is cumulative. We ourselves have not changed our mind. We believe that Chicago will receive enough wheat this month so that the elevators are likely to be nearly filled before very long, and there will always be lots of wheat available for delivery. This is different from last year when contract wheat was extremely scarce.

At the close our market showed a decline of 1 3/8¢ for the September wheat, and 1 7/8¢ for the December compared with yesterday.

The late advance in corn induced many farmers to dispose of it, and primary receipts today were 950,000 bu against only 507,000 bu last week, and 244,000 bu last year. Furthermore weather is favorable now for the best development of the plant, and with the good crop in sight, with normal weather, and with the probable large carryover, many have come to the conclusion that the present price is high enough, and that the late advance had been much overdone. This caused a great weakening and a drop in prices.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 15, 1938.

After 50 years' experience and application on wheat prices on te Chicago Board of Trade, we find that on account of new conditions, i will be temporarily very difficult to use the old yardstick for masuring probable wheat values in this country. Anybody who still fllows the old line of reasoning as to what future prices should be mght get a surprise. Under existing conditions, supply and demand, wich always was the chief regulator, cannot be entirely relied upon fr proper conclusions. It certainly seems to be advisable to await te results of the loan price and see what it will do to the movement o wheat to terminal markets; also, what part will be stored and final l land in government hands, and what part will be available to the tade and to millers.

Receipts are still very large --today Enid, Fort Worth, Hutchinsn, Salina, Wichita and Kansas City received a total of 2,008 cars cmpared with 2,191 yesterday, and 2,136 a year ago. We have tried t find out how new sales-to-arrive were affected since the loan price ws announced yesterday, and are inclined to think they are somewhat lghter, but will probably take all of next week to demonstrate whether w may look forward to a much smaller movement than would otherwise ave taken place, considering the size of the crops. Naturally, the iducement for the farmer to collect about seven cents storage for hlding his wheat under certain conditions must make some difference. Ten, the question will arise whether even a moderate movement will nt be sufficient for all purposes, particularly where the processor ad the consumer know the wheat may be only temporarily stored and mght be available at any time on a moderate advance.

There are also unconfirmed rumors that in the treaty now being ngotiated between the United States and England, tremendous efforts will be made to obtain greater advantages for our farmers in exchange for other concessions which the United States might make on imported aticles. At the present time, we are under a handicap of approximatel six cents a bushel duty, which must be paid on American wheat, while weat shipped from the colonies is admitted free to the U.K. Finally, te weak foreign situation cannot be lost sight of entirely and if the wole world level declines to a very low point, it might be difficult t maintain our present level, unless additional stimulants are apcied.

The trade in general feels that under these circumstances, we sall have quite a narrow market for a while. It is more difficult to aticipate much of a decline, but on the other hand, any sharp advances ight bring out lots of wheat that would otherwise be stored, and, therefore, there is also a limit to rises which are likely to take ace. Later on, the fact that it is contemplated to reduce the wheat areage for 1938-39 to approximately 55 million acres, or 25 million eres less than the past season, would also have a stimulating effect pon prices, provided other conditions were favorable. However, even n this acreage we might raise enough wheat for home consumption so hat it might take many years before abnormal accumulations could be isposed of, unless other countries would cooperate and also raise less ntil consumption could work up to normal production. This matter is eing discussed now at the International Wheat Conference being held in ondon. We believe it will take a long time before results are obhined, because the last similar conference was a dismal failure and ome of the countries who participated would not keep their promise hen they found it would be to their advantage not to do so. he morale in international matters is such now that it is rather difficult to accomplish much. The desire of practically every country is o work out its own salvation in its own way, and we do not look for uch help from abroad.

Crops in Europe, with few exceptions, are getting along nicely, nd we think we are safe in predicting that the outturn will be larger han last year. Therefore, agree with Broomhall that in all probability he importing countries will not require much more wheat than the past eason. Of course, the exporting countries have much larger quantities or sale. Our reports about the spring wheat crops are also highly attering in both the United States and Canada.

At the close our market showed a decline of 1 1/4¢ per bu for he September wheat, and 1 3/8¢ for the December.

Corn receipts are still keeping up, being 1,109,000 bu today compared with 784,000 bu last week, and 529,000 bu last year. Here also as in wheat, the loan price to be established later, we think, may have a decided influence on the price, and it appears as though it would be very much more satisfactory to the farmer than the wheat price. This we think makes December corn reasonably attractive particularly as the crop is not yet made.

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CHICAGO MERCANTILE EX.

CHICAGO July 18, 1938.

Early Liverpool cables were unexpectedly strong today, no ttention whatever being paid to the sharp decline which took place aturday both at Winnipeg and in the United States. Finally their utures were unchanged to 1/4¢ per bu higher. The strength particularly was in July wheat, which is selling at 95 3/4¢ compared with 84¢ or the October, and 82 3/8 for the December. This has all come out in a natural way; there is no manipulation, but it shows the omparative scarcity of their supplies at the present time; and the iscount at which the more deferred futures are selling shows the onsensus that the situation will change radically later on. World hipments this week were only 7,209,000 bu versus 12,178,000 bu last eek, but only 5,391,000 bu same period in 1937. The amount on assage, however, is larger now --36,200,000 bu compared with 29 million bu a year ago; so far this year world shipments have been about 8 million bu larger than in 1937, showing a desire to replenish these tocks, and with the sure indication, as expressed in futures, that heat may be had for less money later; however, the actual demand ust at the moment be quite good. Nevertheless, the world price inally will not depend upon that, but as long as the sun and the ains have done their duty this season in producing large quantities f wheat almost everywhere, with the possibility of creating again arge surpluses, we already have to consider what will happen a year ence, and also in the meantime.

With seasonable temperatures in our Northwest, and in Canada, angers of serious damage to the spring wheat crop on account of rust re diminishing. With the present fine prospects it will not be very ong before there will be a free spring wheat movement, first in our orthwest, and then in Canada. In the United States on account of ur large domestic consumption we shall be able to absorb the first rrivals in good shape, but if the spring wheat movement assumes arge proportions it naturally will have a depressing effect upon rices. How much this will be modified because of loan prices, is till difficult to determine. Our impression from what has taken lace during the last few days is this: It is not likely that armers will take advantage to a large extent of the loan price with ll the conditions attached, but the tendency will be for farmers o hold their wheat awaiting further developments. By so doing they ill be in a position until Dec. 31st, should prices decline very harply, to still dispose of their wheat by making loans from the overnment, and in the meantime should there be any advance they can ell their wheat for higher prices. They are taking practically no isk in assuming this position, and we believe it will be done on a ery large scale. The consequences naturally will be that from now n receipts at primary points will show a decrease, and hedging sales ill be less; therefore, if other conditions should be favorable or a rise, then the danger of it being spoiled through these hedging ales will be minimized. However, in the long run, holding grain off he market does not necessarily mean a final strengthening of prices.

At the present time with all these uncertainties existing, e do not feel like taking a positive stand on the market. This, articularly so as the Canadian Wheat Board is going to establish a inimum price at which it will buy wheat, thereby preventing a probble decline beyond that point. With all this, however, we never want o forget that if left alone wheat probably would sell for less money, nd in spite of all the efforts which are being made to sustain prices hey might not be successful, but for a while at least supply and emand alone will not regulate the market.

Foreign crops and weather developments continue to be favorble. Crop prospects have further improved with recent rains in zecho Slovakia, and optimistic reports continue to come from Russia, specially from the Ukraine, where harvesting is general. Poland is xpecting an abundant grain crop, with wheat surplus to reach about 0 million bu; the government is considering a subsidy project for xporters, and also the creation of state reserve.

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Primary receipts continue to be large --6,474,000 bu compared with 7,402,000 bu last week, and 6,669,000 bu a year ago. However, it is quite possible that for the present we have seen the heigh of the wheat movement, although even after it diminishes receipts will still be big enough to supply daily needs, and there will continue to be further accumulations for a long time. This, particularly so as the export business overnight was again very small, and there is not much in sight at the present time.

The visible supply showed a tremendous increase, amounting to 21,801,000 bu, practically the same as last year, but the total is now, 63,092,000 bu against 49,521,000 bu in 1937. Chicago stocks are also increasing very fast, and now amount to 9,351,000 bu, while last year stocks in this city were only 2,770,000 bu. Inasmuch as corn stocks are also very big here --9,459,000 bu versus 2,317,000 bu a year ago-- there is quite a possibility that elevators will be filled very rapidly. Should this be the case, we may expect good deliveries every delivery month. This naturally would have the effect of widening the difference between September and December, and later on between December and May wheat.

At the close September and December wheat showed an advance of 1/2¢ per bu.

Weather in the corn belt was extremely favorable over the weekend, particularly in the Southwest, with no hot, damaging weather anywhere, and the enthusiasm for prices on this cereal abated considerably. Primary receipts remain large --1,261,000 bu versus 460,000 a year ago. However, there is sufficient export business going on right along, so that stocks may continue to decrease; this week there are 1,810,000 bu less in the visible supply than last week. We believe unless there should be continued favorable weather (and it will be a great exception should we not have any crop scares during July and August) that corn is selling on a very reasonable basis; this particularly so in view of the fact that on next year's crop a high loan price is contemplated.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO July 19, 1938.

Before our session opened, Liverpool cables were again quite strong and while they lost some of the early advance, their futures finally closed unchanged to 5/8¢ higher. It is quite understandable in spite of the large crop raised in this country and the good prospects in Canada, that a certain firmness should prevail here, considering that a loan price has been fixed on United States wheat, which to say the least, will act in such a way as to prevent declines that might otherwise take place. In Canada, also, it is expected that under certain conditions, the Wheat Board will step in and buy wheat, thereby putting a limit on declines which otherwise might occur. However, Liverpool is a free market, buying wheat in at least five of the large exporting countries, and the prospect of supplies which they may be able to obtain is very favorable.

According to the report of the United States Department of Agriculture, issued on July 16th, world supplies for the 1938-39 season seem likely to be around 435 million bu larger than a year ago. The same source estimates that the gain of old wheat on July 1st, indicates an increase of about 100 million bu; therefore, assuming that this year's world's consumption will be the same as that of the past season, then an accumulation of 535 million bu would be in sight, and even if we take it for granted that owing to lower prices the consumption will be moderately larger, we are still faced with world carryover, (excluding Russia and China) next July of approximately 500 million bu larger than on July 1st this year. This, in our opinion, justifies us in the belief that the world level for wheat prices will be very low, even if the United States and Canada together should carry over 300 million bu more than on July 1,1938, as this would still leave 200 million bu additional surplus for the balance of the world. Naturally, there may still be changes between now and the time all of the wheat in the Northern Hemisphere has been harvested, and estimates for the Southern Hemisphere are made on a basis of normal conditions, but for the time being we know their acreage had been increased, The start, so far as moisture conditions are concerned, is favorable.

Broomhall's reports on the European crops are very favorable, and it is possible that previous estimates as to the outcome of yields will have to be raised. Greece, which is only a small country, expects a very large crop; France, Jugo-Slavia and other countries are all doing well, the only complaints being from Russia, where it is officially admitted that the spring wheat crop has been damaged considerably by drought. However, in South Russia the outlook for winter wheat is highly satisfactory.

We believe the loan price has already had quite an effect and farmers seem to be less inclined to sell at present prices. We do not believe that necessarily many will take advantage of the government's offer at present, but they are holding their wheat back and receipts at interior points in Texas, Oklahoma, and Kansas are getting very light. Salina, Hutchinson, Wichita, Enid, and Forth Worth received only 300 cars today compared with 564 cars similar day last year. In comparison these receipts are very small, although usually Tuesday is particularly light, and receipts the balance of the week will probably be larger. Nevertheless, we do not expect they will be very heavy, so far as the winter wheat movement is concerned, for any one day for the balance of the season. Of course, we must be prepared when the spring wheat crop starts to anticipate that receipts will be considerably heavier than they were last season, When the visible supply reaches its peak, we believe, it will be larger than it was last year, when on September 25th, it reached a maximum of 131 million bu. Yesterday it amounted to 63,092,000 bu, and as there are a great many cars on track everywhere which have not yet been unloaded, we believe it might easily reach close to 80 million bu next Monday, and then, of course, later on Minneapolis and Duluth will accumulate very large supplies. Owing to the poor

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export demand, we do not expect decreases at many points until much later in the season.

The great strength which continues in our stock market has a sentimental effect on wheat prices, but yet it is difficult to hold advances in view of the large supplies. Primary receipts today were 3,308,000 bu compared with 3,523,000 bu last year.

At the close September wheat was 3/8¢ per bu higher, and the December 1/2¢ up.

Weather continues to be quite favorable for the best development of the corn plant, and farmers seem to be inclined to sell at present prices. Primary receipts continue to be large --1,447,000 bu versus only 182,000 bu same period in 1937. There is a steady export business going on --some days it is larger and some days smaller; it is quite evident that Europe at present depends very largely on American supplies, and that Argentina alone cannot supply their needs. This, particularly so as prospects for corn in the Danube basin remain uncertain, and unless generous rains are received before long it is likely that yields will be below normal.

Friday will be the last day of trading in July futures, and all contracts must be settled by that time or else deliveries will have to be made by the shorts, and the longs have to be prepared to pay for tenders which may be made until the end of the month.

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CHICAGO MERCANTILE EX.

CHICAGO July 20, 1938.

There is hardly any grain news worth while mentioning, either here or abroad. Foreign markets are as dull as ours, and distant futures at Liverpool showed practically no change, although the nearby date, July, advanced 1/2¢ a bu. This is almost entirely due to a shortage of contract stocks. There is also shown the greatest indifference to cash wheat purchases from the United States; and this we attribute entirely to the fact that the big millers are all waiting for the new Canadian crop to move before laying in large supplies.

Next Friday will be the last day for traders to even up their contracts in July grains. There is still an open interest in July wheat of 2,814,000 bu, which had been reduced yesterday 594,000 bu. Yet, the trade in this future was extremely light, and neither the elevators nor traders seem to be largely interested in the outcome. We believe there are quite a number of longs who are still in hopes that they can do better by holding off until the last moment; but we expect nothing very spectacular and believe that they will all be satisfied with deliveries when the time comes. As a matter of fact, the hedger or short has time to bring cash wheat here until the last of the month to even up his contracts.

In the meantime receipts at interior points in the Southwest show a sharp dropping off. Hutchinson, Wichita, Salina, Enid, and Fort Worth received a total of 397 cars compared with 638 cars last year. We believe that is almost entirely due to the fact that the loan price might be an inducement to many farmers to hold their wheat until later; but on the other hand it may be figured that in consequence the movement will last very much longer and might become very heavy next spring when opportunities for borrowing from the government will exist no longer. Meanwhile, we expect that at no time will receipts drop off sufficiently so that stocks at terminal points will be reduced much for the next few months, and a steady accumulation will continue for a while. As a general rule, the big movement of winter wheat takes place during the months of July and August. Last year primary receipts during these two months were 53 per cent of the total during the twelve months, and during 1936 they were equal to 54 per cent. From July 1st, up to last Saturday, the primary movement was 59 million bu, and probably will be close to 0 million bu by next Saturday. So, even on the assumption that this year the percentage will be somewhat reduced, it surely will be made up later in the year.

There is no change in the favorable wheat crop prospects in Europe, and with more showers in Canada and moderate temperatures everywhere, the indications for large spring wheat crops, both in the United States and Canada, continue.

The fact that other cereals are also very abundant, such as rye, of which yields are very heavy, and total quantities raised this year compare with some of the biggest ones, leads us to believe that wheat, if anything, will be used less than usual as a substitute. Therefore, we do not look for any very extravagant consumption. Oats are selling so cheap on the farm that there is hardly any movement worthwhile speaking of, and evidently they are being used at home for feed. Corn prospects also continue to be quite favorable.

Primary receipts today of wheat were only 2,699,000 bu showing a great falling-off compared with a week ago when they were 4,542,000 bu, and smaller than last year when they amounted to 3,420,000 bu. Nevertheless, speculative demand is very moderate, and comparatively small hedging sales and some realizing were sufficient to bring about a further decline.

At the close the September wheat had lost 3/4¢ per bu, and the December 7/8¢.

Weather conditions are also conducive to further improvement in corn prospects, and with only a modest export demand it is quite difficult to become very enthusiastic about prices at present. Much, however, might change if we have extremely hot temperatures without much rain during the month of August. Primary receipts remain large at 948,000 bu compared with 943,000 bu a week ago, and 111,000 bu the previous year.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO July 21, 1938.

There was a much firmer undertone to wheat all during the ession. This change in sentiment took place partly on account of omparatively strong cables, but chiefly in sympathy with strong innipeg markets and rather discouraging reports. The strong stock arket was also an influence. We shall now attempt to analyze these easons: So far as Liverpool is concerned, the strength is largely ue to the shortage of contract wheat, and the largest advance took lace in July wheat, which gained 1 5/8¢. October wheat was unhanged, and December actually declined 1/2¢. At the present time uly wheat is selling at about 16 1/2¢ over December, showing very lainly that the trade in general expects the scarcity existing at he present time will be radically changed later on when wheat in he Northern Hemisphere will move freely. In fact, this scarcity as only been brought about because the large millers persistently efuse to purchase quantities ahead of their immediate needs, feeling that supplies later on will be so plentiful that they may be ndependent. They have come to this conclusion on account of the onderful crop prospects, on an average, in Europe, and also, in orth America. They, just as we, are taking a rather optimistic iew, as there is hardly any season, no matter how good the final esults, when pessimists do not make all kinds of alarming predictions hey are generally right when adverse weather afterwards favors them, ut we do not believe this will occur this season.

Some claim that rains are very badly needed in Canada, otherise, much harm will be done, but we find that in Manitoba the preipitation since April 1st was 6.29 compared with 7.40 normal; askatchewan, 6.55 compared with 6.61 normal; and Alberta, 6.95 ersus 7.47.

So far as Europe is concerned, it is claimed weather conditions ll over, as well as in Russia, are favorable for winter wheat. arvesting operations are proceeding over large sections in Europe, lthough Russia's spring wheat crop is believed to be suffering appreciably from drought damage. The heavier shipments from South ussia may give some indication of larger exports this year than last. his week they amounted to 1,200,000 bu, where none was made in 1937 t this period. It is also claimed that Argentine has fair supplies f wheat on hand and clearances this week were 1,323,000 bu versus 196,000 bu last year.

So far as spring wheat conditions in the United States are oncerned, the Van Dusen Harrington Company, which we consider as ntirely dependable and very conservative, states that weather conditions during the past two weeks have been practically ideal for the evelopment of all crops, and they go on further with the remark hat as crops near maturity, it is becoming increasingly evident that ield and quality will show considerable variation and that they will ary from bumper yields in many sections to a very limited and disappointing outturn in others. They conclude that while it is impossible to predict the final outcome of the Northwest crop, continuance of present favorable weather conditions for another week r ten days would result in a satisfactory outturn of the major part f the spring wheat territory.

Ever since the loan price was announced, the wheat movement as decreased considerably. The five points: namely, Salina, Wichita, Hutchinson, Fort Worth, and Enid received only 363 cars compared with 524 cars last year. Kansas City received 494 cars compared with 609 last season. We think this tendency will continue until the turn of the year, as farmers will have the opportunity to borrow at fixed, stipulated prices until December 31st. Those who by that time have not taken advantage of the loan offer, naturally will sell their wheat afterwards whenever the market suits them, and it is, therefore, quite probable that while receipts at the present time are lighter than they would be otherwise, the opposite may happen after January 1st, and we may see a heavy movement then. Possibly by that time, speculators might be in better position to absorb the hedges, provided the acreage will be held down, as the Agriculture Department

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hopes it will, to about 55 million acres. Such a reduced acreage would hold out great hopes for the investor, particularly if next year Nature would not be as generous as this year, and actual crop damage would induce many to buy wheat, should the price level be sufficiently tempting. Of course, much would then depend upon whether the government would be inclined to hold the wheat which it owned by that time, for an indefinite period, as the Farm Board did, or whether efforts will be made to sell even at a loss. There are so many possibilities that there will be no monotony for the grain merchant, and he will have to watch events from day to day and from month to month so that he will have some sound foundation on which to base his operations.

Primary receipts were very light today, being 2,499,000 bu compared with 5,018,000 bu last week, and 3,160,000 bu last year. In the meantime, stocks at Kansas City increased so far this week, 4,191,000, and we look for another very large increase next Monday, although it will be nothing compared with this week.

At the close September wheat showed an advance of 3/8¢ per bu, and December the same.

We cannot feel bullish on the price of wheat until, or unless, we receive some inspiration from a better export demand. According to the Department of Commerce, wheat exports during the week ended July 16th were only 1,114,000 bu, and for the season so far 2,546,000 bu; including the equivalent of 114,000 barrels of flour which were shipped across, the total is only 3 million bu, and very disappointing. This, particularly so as this period is about our best chance to dispose of our supplies, and our opportunities will decrease when Canada starts her competition with the new crop movement.

The corn market continues to be weak, favorable weather holding out good promise for the new crop. Primary receipts remain large --being 1,054,000 bu today versus 950,000 bu last week, and 239,000 bu a year ago. There is continued export demand, but at present it is not sufficient and more is needed.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO July 22, 1938

Liverpool cables closed very strong, particularly for the July future which advanced 3¢ per bu, while the October gained only 1 1/4¢, and December 7/8¢ per bu. The closing price of July wheat was 101 1/2; therefore, over 30¢ per bu higher than our September wheat, and certainly leaves a great deal of margin if wheat could be shipped from this market in time to fill contracts, but this, of course, cannot be done. Liverpool December wheat, however, closed at 82 3/4¢ per bu, or at a discount of 28 3/4¢. Such a situation could not possibly have arisen unless stocks abroad had been greatly depleted, which is just the opposite from what it is here, where supplies have been accumulating at terminal points, and where the July wheat today closed at a discount of 1 3/4¢ under September.

Clearances from exporting countries continue to be light. Argentina shipped this week 1,213,000 bu, while a year ago she shipped only 196,000 bu, but the visible supply there is 11 million bu compared with 7 million last season; therefore, heavier clearances from now on are in sight. Similar conditions exist in Australia, with clearances this week of 2,091,000 bu versus 1,157,000 bu in 1937, and their visible supply is 8 1/2 million bu greater. In fact, as far as future supplies are concerned, European importers seem to feel very comfortable, and for this reason they are reluctant to lay in large stocks, figuring on being able to obtain them later on for less money. Of course, they may have to wait for that until the Canadian crop moves in volume.

All the declines we have had during the last six weeks or so were caused chiefly by the heavy movement of winter wheat, which was way in excess of what millers and exporters needed; consequently, had to be hedged.

There will be a similar situation shortly when the spring wheat movement starts in volume. We think it is safe to say from present prospects that the spring wheat crop in the United States and Canada will be close to 600 million bu. It is true, by that time a large export business will be done from Canada, but on the other hand, their home requirements are so small that heavy accumulations and hedging sales are unavoidable.

In the meantime, the European crops seem to be getting along nicely. Broomhall in his review states that favorable harvesting weather prevails throughout Europe, and that the crops are being garnered with a minimum of loss. France and Germany are believed to have good crops; and the damage in Italy was checked to some extent so that very large imports may now not be necessary. Russia has a satisfactory crop except in parts of the Volga valley, and exports have already started with a million bu cleared this week.

As far as Canada is concerned, we believe that possibly the crop has been reduced of late, but this would be from very high expectations, and we still think final yields will be very satisfactory. We always pay more attention to impartial reports than to those which are possibly biased on account of wishes and their position in the market. We, therefore, quote in part the Bank of Montreal's report as follows:

"Throughout the Dominion crop prospects remain good, with weather that on the whole has continued to be advantageous although in some districts damage from lack of moisture is reported. In the Prairie provinces, while grain crops are somewhat backward they promise an abundant yield, although to maintain present prospects good rains over wide areas are required."

The report of the Canadian Pacific is also quite optimistic; they claim that the grain is filling well in most areas, and while evidently through lack of moisture there is some deterioration in various parts, we conclude that they feel very confident as to the final outcome. Therefore, during the month of August we likely will

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face a very heavy movement of spring wheat crops in North America.

Our market, the same as yesterday, was again largely influenced by the great strength in Winnipeg, where among some traders great apprehension still exists about final yields in the three provinces; but they seem to forget that even with maximum losses with the crop so far advanced already, plenty of wheat is likely to be produced in any case. Also some uncertainties exist as a minimum price is to be paid to the Canadian farmers; and what that will be has not yet been determined. A meeting will take place next Tuesday, and shortly after that we assume that the Government Wheat Board will make its announcement regarding same. It is the general opinion that the price to be paid to the farmer will be considerably less than the prevailing one.

Primary movement ever since the loan price was announced has made poor comparison with last year, and today's receipts were 2,701,000 bu versus 5,139,000 bu last week and 4,106,000 bu last year. Nevertheless, owing to the poor export demand, stocks still continue to increase. It was reported that a million bu of wheat was sold overnight to the Loyalist Spanish Government, but this was an extraordinary transaction, and the general export demand for our wheat continues poor. Stocks at Kansas City so far this week increased 5,325,000 bu, and, therefore, expectations of a large increase in the visible supply are favorable; but the comparison will be with an increase of 20,573,000 bu last season.

At the close our market showed an advance of 3/8¢ per bu for September wheat and 1/2¢ for December.

Despite the strength in wheat, the largest part of the session corn remained neglected. This is due to the continuation of heavy receipts, and primaries amounted to 1,133,000 bu today compared with only 241,000 bu last year. Also favorable weather continues in the corn belt.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO July 25, 1938.

Not until now have we been quite clear as to the phases of the government's wheat program provided for in the latest farm law. Heretofore, we believed (and so expressed ourselves) that in order for farmers to obtain loans on their wheat they would have to agree to comply with the acreage reductions for the coming year. However, this is not the case. Farmers may borrow, provided they have complied with the soil conservation requirements, but as we understand it, they will only be able to borrow on their crops provided they comply with acreage reductions for the coming season. We have no means for determining the quantity of wheat which will finally not enter regular trade channels and how much will be carried by government agencies. However, we are convinced that at the present time the movement to terminal markets is smaller than it would otherwise be, but whether farmers are holding wheat at their own risk with the intention of later on borrowing from the government, cannot yet be determined.

Liverpool futures showed a decline of 1 to 2 1/4¢ a bu, but little attention is being paid to July which declined most, as that future expires during the week and, of course, represents cash values. October wheat is selling at 14 1/2¢ discount, and represents the new crop situation, which, as the figure indicates, is considered as being extremely bearish. The latest estimates are for a new record for world wheat production --4,200,000,000 bu; and this would give us additional supplies next July of about 475,000,000 bu more than on July 1, 1938. These stocks would not be the maximum ever reached, as they were still higher in the years 1930-33 when wheat sold at ruinously low prices.

World shipments this week were exceptionally large-- 11,225,000 bu, or almost twice as much as last year when the total clearances were six million bu, and the remarkable part is the large contribution from North America of 6,033,000 bu, which is as much as all the countries shipped last season. There was no indication during the week that so much North American wheat had been shipped abroad and certainly Canada could not have contributed a great deal. Shipments from the United States must have been very much larger than the trade was advised of. So far this month the importing nations absorbed 14 million bu more than last year, and if this is any criterion, we may look for greater absorption than during the last year, when the requirements abroad were extraordinarily small. Of course, all the wheat may not have been absorbed as yet as the amount on passage is 38,288,000 bu, compared with 26,352,000 bu last year, and possibly when all the wheat arrives the pressure abroad may become greater.

Nevertheless, during the past two or three weeks, all the declines abroad came as a consequence of lower prices here and hardly at any time did they lead the declines, but followed them only in a reluctant way. At the present time, the difference between our futures and theirs has widened considerably.

The winter wheat movement, while lighter, is still very fair and receipts at interior points such as Salina, Wichita, Hutchinson, Fort Worth, and Enid, were 530 cars, compared with 482 cars, similar period in 1937. At Kansas City, they were 1,251 cars versus 1,489. However, today for the first time, Minneapolis had very heavy receipts, and with a very much larger spring wheat crop than they had in many years, just when the winter wheat movement is on, spring wheat receipts are likely to be heavier and more hedging pressure from that source is likely to come.

So far as we can learn foreign demand was quite light today. Mills at most places are able to supply their needs right at home; therefore, the milling purchases at terminal points are quite light and stocks continue to increase, hedging pressure still being in

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evidence. Under the circumstances, the open interest continues to grow, gaining 794,000 bu on Saturday and now amounts to 94,008,000 bu.

Primary receipts were 5,301,000 bu; smaller than a week ago when they amounted to 6,474,000 bu, and also lighter than a year ago when 6,363,000 bu were received at various points. The visible supply shows another large increase amounting this week to 18,034,000 bu; the total now is 81,126,000 bu compared with 70,094,000 bu last year, or 11,032,000 bu more. However, shortly we expect a very heavy increase in Minneapolis, Duluth, and Buffalo, and when final maximum figures are reached we assume they will be very much bigger than any during the last year. Under these circumstances more buyers will have to be found right along, and while the price looks extremely low the temptation for investments is not very great, as long as it is no secret and everybody knows that supplies are so abundant, and that it costs a great deal of money to carry wheat.

Therefore, wheat, and to a smaller extent corn, could not sympathise with the general advance which has taken place in commodities in general, as well as in Wall Street stocks, and it may remain neglected for a long time to come. At the close the September wheat showed a decline of 1 1/2¢ per bu, and the December 1 1/4¢ per bu.

Corn prices continue to suffer on account of the extraordinarily favorable weather, indicating prospects for another large crop following this one. Receipts also are quite large-- 1,250,000 bu versus 806,000 bu in 1937, and the export demand at the present time is only very moderate. The visible supply, however, continues to show decreases, this week stocks falling off 1,786,000 bu, but the total is still 11,887,000 bu larger than a year ago.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO July 26, 1938.

Liverpool cables were quite weak before our session opened, ad when both Winnipeg and our market again registered new declines tis became accentuated, and closing wheat prices in Britain showed aloss of 2 to 2 3/8¢ per bu compared with the previous day. There i no particular pressure abroad as far as cash wheat is concerned, bt naturally they cannot be indifferent to the continually new lows wich are being established here; furthermore, the European crops ae getting along very nicely, and reports from this side are also vry favorable.

During the last 24 hours showers have occurred over the Northwst, as well as over central Saskatchewan and Manitoba, which was loked upon as being very desirable because lately many complaints hve been received about the dry weather reducing the yields. In te meantime, temperatures everywhere are normal, and it will be oly a short time now until the spring wheat crops will be made in bth the United States and Canada, and when a heavy movement to trminal markets will probably take place. Harvesting has started i the southern half of North Dakota during the past week, and as millers' stocks everywhere have been replenished lately since the hvy southwest wheat movement started, a great deal of this spring wat undoubtedly will lodge at Duluth and Minneapolis. We expect qite heavy hedging sales of Canadian and United States spring wheat bfore very long, and the open interest here, which has now increased to almost 95 million bu, is bound to continue gaining right along. This means that new speculative buyers will have to be found, and tis, of course, is possible with the low prices existing. Nevertheles, there is no great enthusiasm in this direction, as it may be a long drawn out proposition before profits might be realized. This in view of the fact that there is bound to be a great plenty ight along, which at the present time is not being relieved through hvy export sales. It was, however, a surprise that clearances of Uited States wheat and flour during the past week were as large as 4,323,000 bu, probably the largest single week's shipments in over two years.

Considering that the greatest optimists do not expect that the United States will be able to sell as much as 100 million bu of wat abroad this year (and possibly not more than 50 to 75 million) clearances for one week the size as mentioned above are extraordinary, bt possibly it may not be repeated; we also believe it represents sles which had been made probably several months ahead and are now bing consummated.

The main factor to the market today was the decline in July wat at Winnipeg, of 5¢ per bu, the limit permissible in one day. This future has been very erratic for several months, and it now ppears as if the bins had been scraped, and as if deliveries were to heavy to keep up such a high premium over the more-distant futures. The effect on the more-distant futures at Winnipeg was only moderate, bt in view of everything else it was rather discouraging, and buyers ven on the decline were rather scarce. It is generally expected hat the Canadian Wheat Board sometime today will determine at wat price they will buy wheat from farmers, and the latter will have he benefit of receiving participation certificates in case the Board hould finally be able to obtain a profit on its purchases. Whatver the price will be it will naturally have the effect of preventing to low prices, no matter what the conditions would be, but the price wich the Board will pay for wheat will not necessarily be a fixed inimum price, and futures might possibly sell lower than that, as as the case in our country when the loaning price was established on otton, corn, etc. Nevertheless, should the price announced be either ery much higher or very much lower than is expected it will at least ave a sentimental effect temporarily.

The winter wheat movement shows a decided falling off. Receipts t Hutchinson, Enid, Wichita, Salina, and Fort Worth were only 242 ars compared with 383 last year. Primary receipts were 2,761,000 bu

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versus 3,308,000 bu a week ago, and 4,221,000 a year ago, but even at that stocks will continue to accumulate further, although on a very much smaller scale.

At the close our market showed a decline of 1/4¢ per bu for the September future, and 3/8¢ for the December.

It is claimed that the volume of the corn export business in the United States daily is considerably in excess of that which is being reported. There were again large export sales overnight, possibly 800,000 bu, but as long as receipts keep so heavy it seems to make but a small impression on prices. Primaries were 1,444,000 bu compared with only 622,000 bu last year. In the meantime, weather continues to be highly favorable for the new corn crop, and unless there should be great deterioration during the month of August, which is still possible, we shall be faced with another large crop and a big carryover .

UHLMANN GRAIN CO.

P.S.

A typographical error occurred in our yesterday's letter, and in order to correct it the first paragraph should have read as follows:

Not until now have we been quite clear as to the phases of the government's wheat program provided for in the latest farm law. Heretofore, we believed (and so expressed ourselves) that in order for farmers to obtain loans on their wheat they would have to agree to comply with the acreage reductions for the coming year. However, this is not the case. Farmers may borrow, provided they have complied with the soil conservation requirements, but as we understand it, they will only be able to borrow on their crops in 1939, provided they comply with acreage reductions for the coming season. We have no means for determining the quantity of wheat which will finally not enter regular trade channels and how much will be carried by government agencies. However, we are convinced that at the present time the movement to terminal markets is smaller than it would otherwise be, but whether farmers are holding wheat at their own risk with the intention of later on borrowing from the government, cannot yet be determined.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO July 27, 1938.

In looking for a valid reason for the low prices of wheat, regrettable as they may be, it is not difficult to find an explanation. While there are naturally many contributing factors, the chief reason is the enormous crop in the United States, the total being estimated on July 1st by the United States Department of Agriculture at 967 million bu, and we doubt whether any great change has taken place since. Assuming that consumption this year will be 675 million bu, (and it might be less because seed requirements will be about 25 million bu less) and estimating the exports at 75 million bu, would give us a total consumption of 750 million bu, and a surplus of this year's raisings of 217 million bu. Adding to this 180 million bu carried over on July 1st, would give us a surplus on July 1,1939, of 397 million bu, which would be a record carryover, as the largest supply for a similar period was on July 1, 1933, amounting to 378 million bu.

Unfortunately, this all happened in a season when other countries both importing and exporting, also had favorable climatic conditions, wheat yields being entirely satisfactory almost everywhere. The latest report from Canada, indicates the condition in the largest province, Saskatchewan, has declined about nine points during this month,and if this is general in the three provinces, the crop must have deteriorated about 10%, or approximately 35 million bu from previous estimates, but still would give a total for all of Canada of 325 to 350 million bu. Therefore, that country would also have a large surplus, and while her wheat on account of choice quality is usually in great demand, and also in view of the fact that she has the advantage in England of about six cents a bu paying no duty, nevertheless she will have more competitors than usual.

Countries adjacent to the Danube, as well as Poland, Turkey, and France, promise abundant yields this season, and may be able to furnish Continental Europe with larger quantities than last season to fill their requirements. Later on, Argentina must be figured with, and private reports estimate an increased acreage of about 15%. Last year's acreage was 18,909,000 and an increase of 15% would give an additional 2,836,000 acres, or a total of 21,745,000 acres. This compares as follows:

1934	18,812,000 acres
1935	14,209,000 "
1936	17,503,000 "

5 year average 17,954,000 acres.

Consequently, after the turn of the year, supplies from the Southern hemisphere might be very abundant, particularly as beneficial rains in Australia also have improved conditions to some extent, although they are not yet as promising as the farmers would wish.

Therefore, the price outlook is not very bright, at least as far as this season is concerned; very abundant supplies in the past have always meant low prices, and nothing has occurred in economics to change this.

In the meantime, the Southwest movement shows a decided dropping-off, and interior points, such as Salina, Wichita, Hutchinson, Fort Worth, and Enid received only 270 cars compared with 294 a year ago. Primary receipts were 2,603,000 bu against 3,394,000 bu in 1937, but stocks still continue to show an increase, Kansas City and Minneapolis so far this week gaining 1,008,000 bu

As far as the spring wheat movement is concerned, it is very light as yet, but nothing else was expected; however, during the month of August there undoubtedly will be very heavy receipts of spring wheat both in the United States and in Canada, and additional hedging sales will likely be in evidence. They will be more severely

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felt then, as in the meantime the open interest in this market is increasing practically every day, gaining again on Tuesday 1,275,000 bu, and open contracts now amount to 96 million bu. As long as this situation exists there probably will be wheat for sale on any advance, and not until much later when stocks commence to decrease at terminal points will the removal of hedges take place, and, therefore, be a stimulant.

The trade had expected the announcement of the minimum price to be paid by the Canadian Wheat Board for wheat during the coming crop year beginning August 1st, but this has been delayed, and the price probably will not be given out until about August 4th.

Liverpool wheat cables were extremely weak before our session opened, but recovered immediately when we showed comparative firmness, and their close showed a gain of 3/8 to 1/2¢ for the distant futures. The actual export demand remains very indifferent, although we presume some small transactions take place almost daily.

At the close September wheat showed an advance of 3/8¢ per bu, and the December 1/2¢.

Corn receipts are showing some dropping off, but the export demand continues, and we look for a further decrease in the visible supply right along. Primary receipts today were 798,000 bu compared with 948,000 bu last week. However, as far as the distant futures are concerned, the trade is watching more crop prospects, and as long as weather conditions remain as favorable as they are now, there is not much inducement to invest heavily in this cereal. Should the month of August, which is a critical one for this cereal, be dry and hot, sentiment might change very quickly.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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141 W. JACKSON BLVD.

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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO July 28, 1938.

It seems to us that at the present time the wheat market indicates very clearly that it needs a new incentive before we may expect a major movement either way. There are still some uncertainties in the situation which might be very influential according to their developments. We have in mind the outcome of the Canadian wheat crop, and weather conditions there during the next two weeks may either increase the yields or reduce them further. The fact that rust still exists and might do more or less harm, cannot be ignored, and many districts in the three provinces are too dry; also, there is always fear of a frost scare early in August, all of which makes it impossible to determine the final outcome of the Canadian crop, although, of course, we know now within limits what it is likely to be. More important, however, particularly so far as sentiment is concerned will be the price to be fixed by the Wheat Board, at which it will buy wheat from farmers, and this news is not expected any earlier than next Thursday.

Within two weeks the government report in the United States will come out, but we hardly believe previous estimates will be changed very materially. So far as Europe is concerned, the results of the crops are pretty well known now and remain very favorable, but present supplies are not over-abundant, not much wheat is pressing, and later on the question will arise as to how the consumers will absorb the offerings when the movement increases and when stocks accumulate. In this country, the winter wheat movement seems to have reached its peak, but farmers' sales of spring wheat are on the increase, and next week we expect to see the start of considerable selling sales at Minneapolis. The open interest is still increasing, running 2,538,000 bu yesterday, and is now 98,604,000 bu. While increases in supplies at Minneapolis and Duluth are taking place, it is quite evident that this tendency will continue; consequently, new buyers have to be found right along. This would only be changed if the export and milling business would increase considerably, but we believe that in the meantime our domestic millers are being fairly well supplied and they will not have to come to terminal markets for supplies on a large scale for quite a while.

Liverpool cables today showed a decline of 3/8¢ a bu for October and December wheat, but July advanced 3 1/2¢. The strength in the nearby future is more of a local condition. Several cargoes of wheat, which had arrived and which might be delivered, could not be inspected in time; therefore, shorts were compelled to cover in the open market. Tomorrow being the last day for delivery, this will have no further consequences.

Argentine shipments this week were 1,323,000 bu compared with only 413,000 bu last year. Black Sea shipments were 1,304,000 bu compared with 344,000 bu, all of this wheat coming from South Russia, confirming our belief that that country might become a more important factor than last season, and its competition might be felt later on. India also shipped 960,000 bu; but even assuming that Australian shipments will be quite heavy, it is quite evident that for the time being, North America will have to furnish the largest quantities for the needs of European buyers. It is claimed that United States wheat exports during the week ended July 23rd, were 3,329,000 bu of wheat and 34,000 barrels of flour, but so far this season, total exports from the United States were only 6 1/2 million bu of wheat and flour combined. We have assumed right along that our best opportunity for selling wheat abroad would be during the months of July, August, and September, before Canada becomes a big competitor, and presume we shall be able to dispose of 10 million bu monthly during that period. Harvesting of wheat crops in the Argentine and in Australia is still five months away; nevertheless, should their outlook be as favorable as is now promised, the effect will be felt possibly in October, when merchants in that country start making engagements ahead and offer wheat for deferred shipment. Therefore, the further development in both Argentina and Australia cannot be ignored and will be watched

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very closely. According to Broomhall, conditions in the Argentine are very favorable so far, but not quite so good in Australia where despite fairly general rainstorms in all states, which have helped to maintain prospects, there are still wide areas without sub-soil moisture.

In the meantime, the overnight business for export was reported to be light, although there is interest shown in all of our varieties right along and not all transactions are promptly reported. We believe a moderate business is going on right along. However, there will be holidays abroad next Saturday, and the Liverpool market will not open until Tuesday, which always has the tendency for buyers to hold off unless something extraordinary happens in the meantime.

Considering that the loan price to the farmer in many cases is higher than he could realize otherwise, the primary receipts must be considered as very satisfactory. Today they were 2,902,000 bu compared with 2,499,000 last week, and 3,160,000 bu a year ago.

At the close our market was unchanged for the September wheat, and 1/4¢ lower for the December.

Receipts of corn continue to be very fair --960,000 bu compared with only 294,000 bu last year. The export demand keeps up and we should not be surprised to see another decrease in the visible supply on Monday. However, the most influential factor in creating sentiment for this cereal is the crop prospect, and same must be considered as highly favorable. So long as this conditions lasts, it will be uphill work to boost prices.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO July 29, 1938.

The volume of trading in futures in Liverpool is about as dull as it is here, and fluctuations small and uninteresting. At their close today October wheat had declined 1/8¢ per bu, and the December was unchanged. Cash business is also very light, and altogether the wheat trade abroad is suffering from the same condition as we are here. The supply of old wheat, while larger than last season, is considerably less than in many previous seasons, but on the other hand, the world's new crop is expected to exceed consumption approximately 375 million bu. Therefore, while there is no great pressure as yet everybody expects it will come sooner or later, and millers abroad are holding off as long as they possibly can. Every day, however, brings us nearer to the time harvest operations will take place almost everywhere in Europe, and offerings from Russia, and the Danubian provinces might become quite pressing very shortly. This former country is already selling new wheat quite freely; while clearances from there last year were approximately 46 million bu, (the largest since 1931-32) they will no doubt exceed that quantity during the next twelve months. Clearances from the Southern Hemisphere are light, but yet are larger than a year ago, as follows: Argentine, 1,208,000 bu versus 893,000 bu in 1937; and Australia, 1,575,000 bu against 1,348,000 bu the previous year.

It is quite evident that for the present North America will have to fill the gap to provide the needs of importers, and the United States undoubtedly will do a fair business, but later on this might be taken away by Canada when her crop comes on the market with a surplus above home consumption of 200 million bu or more.

As far as the United States is concerned, the winter wheat movement shows a decided dropping off, but considering the temptations for farmers to hold their wheat on account of the loan price, receipts are still quite fair. Primaries today were 2,337,000 bu compared with 2,701,000 bu last week, and 3,762,000 bu last year. Stocks continue to show an increase: Kansas City so far this week gained 1,787,000 bu, and Minneapolis 210,000 bu, or a total of almost 2 million bu. However, we do not expect anywhere near such an increase in the visible supply as we had a year ago, when it gained 17,993,000 bu. Interior receipts are also very moderate: Wichita, Salina, Hutchinson, and Fort Worth received 225 cars, which is not burdensome compared with 204 last year. Kansas City also had less: namely, 466 cars against 745 in 1937.

On August 3rd the grain crop production estimates as compiled by several private experts will be released. It would be our guess that estimate of the wheat yields will be somewhat less than the figures given out by the Agricultural Department in their official report on crop conditions of July 1st.

There are more or less complaints coming from both our Northwest and Canada, as rust, insects, and drought in some sections have taken a heavier toll than anticipated. However, the outlook originally was so very flattering that even with these losses the final outturn will probably be very satisfactory to the farmer. Harvesting is now general in many parts of the three important Northwestern spring wheat states, and we look for a very heavy movement during the coming month.

In the meantime our open interest increased again yesterday 1,020,000 bu, and is now approximately 100 million bu. This continued pressure of hedging sales accounts for the steady decline in prices, and we have today reached the lowest prices on this crop. We are afraid that further hedging sales will continue as long as a heavy spring wheat movement lasts. It is seldom that they reach the peak until about Labor Day, or about September 2, but even after that receipts may continue big for some time. Last year the maximum open interest was reached on August 19th, when it was 141 million bu,

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but at that time the spring wheat crop was a poor one; so in all likelihood that amount will be exceeded later on. The maximum visible supply was reached last year on September 25th, with 131,050,000 bu, but we feel that we will have to deal with much bigger figures this year before there will be any serious declines.

At the close both September and December wheat showed an advance of 1/4¢ per bu compared with yesterday.

The weather for the growing corn crop continues to be ideal in a general way, and this fact overshadows everything else. The fact that the quality of the Argentine corn crop this year is unsatisfactory which will give us an opportunity to export more has been overlooked for the time being. This perhaps justly so, as in all cases we shall have plenty of old corn left and a good carryover, and, of course, should present crop prospects be maintained, the burden later on might be very great. Undoubtedly, if the loan price is considerably above present values (which is anticipated), it will be of some help, but past experience has shown that this alone will not stop declines, if supplies exceed consumption very largely.

UHLMANN GRAIN CO

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO August 1, 1938

With the Winnipeg and Liverpool markets both closed today, news from abroad was rather scarce and trade extremely light. Cash business also was affected, but we believe it did not prevent some self sales to the European Continent, probably to Germany, but on the whole, the volume of new business was rather restricted. In spite of the continued small export business, weekly clearances show up quite favorably, and world grain exports for the week were again much larger than last year, the total being 8,985,000 bu, compared with 6,456,000 bu last season. Shipments for the first month are quite favorable and the total since July 1st is 49,964,000 bu, versus 33,590,000 bu last year. These figures may not be absolutely correct, as the reports are only made weekly. Consequently, this year's totals are for 35 days, or five weeks, and four days of June are included. Nevertheless, with all we have heard right along about the favorable crop prospects in Europe, the showing is quite satisfactory. There seems to be no doubt now that Europe's wheat production this season will be the largest since 1933, and according to the United States Department of Agriculture, yields are expected to be 1,595 million bu, and according to the International Institute of Agriculture at Rome, they will be 1,645 million bu. This would compare with past years as follows:

1931	1,437	million bu.
1932	1,490	" "
1933	1,745	" "
1934	1,548	" "
1935	1,575	" "
1936	1,481	" "
1937	1,543	" "

Therefore, yields are better than in any year since 1931, with the exception of 1933.

North America is doing its full share of the overseas business, clearances this week being almost 40% of the total, with shipments of 2,738,000 bu versus 2,703,000 bu last season. We assume the largest quantity must come from the United States, as Canadian stocks are so small that the transactions which they consummate are very unimportant. This is likely to continue until the new Canadian crop starts to move in earnest. Whenever that time arrives (we think it will be during the next four to six weeks), we believe she will have the field largely to herself, until after the turn of the year when the Southern Hemisphere becomes a heavy competitor, but in the meantime, she will do the bulk of the business. Canada was favored over the week-end with good rains in the Province of Alberta, and Saskatchewan and Manitoba also had some precipitation. We believe the crop outlook is such now that yields will be close to the figures estimated by the Searle Grain Co., and even if they are not, all of Canada might easily produce 350 million bu, which would leave, theoretically, close to 250 million bu for export.

So far as the United States winter wheat crop is concerned, we have not only reached the peak of receipts, but the dropping-off, compared with the past four weeks, is very decided, and primary receipts today were only 3,355,000 bu, last week's being 5,301,000 bu, and last year, when the crop was smaller, they were 4,639,000 bu. There is apparently a tendency on part of farmers to hold their wheat, which is quite natural, in view of the very low prices obtainable at the present time, and the fact that the loan price in most places is also considerably higher than the actual market value, lessens the desire of the farmer to bring his wheat to market.

The visible supply shows an increase for the week of 10,313,000 bu versus 17,993,000 bu last year, and total supplies are 91,439,000 bu and 88,087,000 bu last year. It is possible that for a while the visible supply might show up smaller than that of last season, but this will be of short duration, because with the

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spring wheat crop so much in excess of that of 1937, we expect that later on there will be very heavy accumulations at Minneapolis, Duluth and Buffalo, which will add very greatly to the amount of wheat to be stored at terminal points. So far, receipts at Minneapolis and Duluth do not show a heavy movement, but, of course, it is still early and the fact that the Minneapolis wheat market, during most of the session, was very much weaker than ours, seems to us an indication of an impending heavy movement, and possibly more wheat has been purchased at interior points which has not shown up, or sales-to-arrive are being made. This will all tend to increase the open interest still further, as the hedges have to be absorbed by traders, and we do not believe they will be offset by sufficient export or milling sales. Last Saturday there was another gain in the open interest of 1,144,000 bu and the total is now 102,400,000 bu.

At the close, our market showed a decline of 3/4¢ for both September and December wheat.

The weather in the corn belt continues to be all that the farmer desires for the best outcome of his crop, and with prospects so favorable at the present time, the feeling that prices the coming season will rule low is dominant. This, naturally, also affects the nearby future, despite the fact that stocks continue to decrease. During the past week, the visible supply showed a decrease of 1,549,000 bu, while last year there was an increase of 1,472,000 bu. More or less of an export business is going on right along, but total exports will be only a trifle compared to the surplus which we are likely to raise above home consumption.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

August 2, 1938.

After being closed yesterday and Saturday, the Liverpool market today showed declines in their futures of 7/8¢ per bu, which was somewhat less than Chicago prices had dropped during that period. This shows that there is no war scare abroad and that the frontier fighting which is going on between Russia and Japan is not as yet causing any serious concern. Nevertheless, where airplanes and tanks are engaged by both sides and where stubborness seems to prevail regarding certain important positions, it is a situation which necessarily has to be watched. Strong belief still exists that Japan cannot afford to have another war at the present time when she is so deeply involved in China, and that on the other hand, Russia must keep herself prepared in case complications arise in Czecho-Slovakia or in other parts of Europe. Therefore, a peaceful adjustment seems probable.

More attention was paid here to the sharp dropping-off in receipts in the Southwest. At five interior points, Salina, Wichita, Hutchinson, Fort Worth, and Enid, only 174 cars were received compared with 378 last year. Kansas City had only 288 cars against 498 last year. To us it is the best evidence (even taking into consideration that Tuesday is usually a light day) that from now on the movement in the Southwest will no longer be burdensome, particularly so if a moderate export business such as we have had since July 1st should continue for anothermonth or so. This in itself would naturally lend greater strength to our market, but much else will have to be considered before one can safely take the bull side on wheat for a long turn.

The next event on the wheat map will be the movement in the Northwest. From the size of the crop which has been raised this season, we would assume it should be very heavy, but whether this will be the case, in view of the loan price, or whether the farmer will also show a tendency to hold back before he brings his wheat to market, remains to be seen. When this question is settled to one's satisfaction, a still more important item will be the Canadian situation. On this also we would feel that we are on safe ground on the assumption that the crop in the three western provinces is large enough so that we might go on the theory that their wheat would be pressing on the market and that it would be offered freely to Europe in competition with the other exporting countries and finally be extremely depressing. However, normal marketing conditions may not exist. The Wheat Board will determine during the next few days as to the price that will be paid to farmers for wheat, and whatever the price may be, it will have an important effect upon Winnipeg futures.

Ultimately, of course, all of these artificial means to make prices may fail, if the world supply and demand situation justifies lower prices. This is one of the years when competition will be so severe that the seller will not have the exclusive say, and the buyer is in a very strong position to tire out the seller. In years of scarcity, the opposite might happen, but according to an item from London in the New York Times, the largest wheat crop since the World War is expected this year in the Northern Hemisphere. This is the estimate made by the International Institute of Agriculture in Rome, which claims that provided the weather does not affect the crops the increase over last year is likely to amount to 13%, and the exportable surplus may be twice as large as the requirements of importing countries.

The effort by many countries to maintain high prices might finally lead to dumping of surpluses abroad, and in the end Liverpool might be the lowest market of all, freight rates considered.

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Primary receipts were comparatively small --2,129,000 bu, while last week they were 2,761,000 bu, and last year 2,995,000 bu. However, increases in stocks seem to be small now; Kansas City gained in one day only 53,000 bu, and Minneapolis 15,000 bu.

So far we have had two reports by private experts on the outcome of the United States wheat crops, and they both show declines averaging about 40 million bu compared with their previous estimate, also with the government figures. Therefore, we would not be surprised when all the reports are in and the government gives its estimate that the United States wheat crop will not turn out nearly as big as was supposed early in July.

Generally speaking the market showed more resistance today than of late, there being no new pressure from hedging sales, but yet there is no great desire for any of the large operators to accumulate big lines. At the close the September and December wheat had gained 1/8¢ per bu.

Everybody who visits the country still returns with glowing reports about the outlook of the coming corn crop. Therefore, in spite of the smaller receipts it is very difficult to boost prices, or even to maintain them. Primary receipts were only 884,000 bu versus 1,444,000 bu a week ago, and 484,000 bu a year ago. At one time some strength was imparted to the market from predictions of much higher temperatures for the next few days, but unless we get prolonged drought and heat we still believe that probabilities are for a very large corn crop, and much above domestic consumption and likely exports.

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CHICAGO MERCANTILE EX.

CHICAGO August 3, 1938.

Liverpool cables showed considerable strength overnight, futures advancing 1 to 1 1/2¢ a bu. This strength no doubt is due to the fighting that is going on between Russia and Japan in the East, and must cause more or less concern. At the present time, it is not alarming by any means, and Wall Street is paying little attention to it, but yet, cautious traders have in mind that a new element might enter into the wheat situation. The last war that took place between Russia and Japan, and which lasted for a considerable time, had practically no influence upon wheat prices owing to the geographical situation, and should have less so now, unless there also should be European complications as a result. Russia is not an important exporter of wheat anymore, as she was before the World War, and there could not be any interference with shipments from Black Sea ports, provided there should be an exportable surplus there which is the case this season. The reports about the spring wheat crop in Russia indicated deterioration to such an extent that in all probability exports from that country this year will not be any larger than last season when they amounted to about 46 million bu. Even if the whole country were eliminated as an exporter the wheat crops in the Balkan States are so good that in all probability clearances from that part of the world will be probably as heavy as in 1937-1938.

More important than anything else, however, is the situation in North America. This is where the large surpluses above home and export demand will be a burden. Today the private experts gave us their estimate on the United States wheat crop, of 936 million bu, compared with the last government figure in July of 967 million bu, and the decrease was hardly as large as the trade had expected, considering the many complaints which had been given out during the last 30 days. Assuming these figures to be correct, and with an estimated domestic consumption of 650 million bu, and exports of 50 million bu, would give a total disappearance of 700 million bu, with a carryover on July 1, 1939 of 236 million bu more than on July 1, 1938.

The estimates for the crop for the three Canadian provinces are 340 million bu, which would mean close to 355 million bu for the entire country, or a surplus above home consumption of 250 million bu. This would be equal to half of all the European and non-European needs. With crops in Europe larger than last season, there evidently will be plenty for all purposes and for anybody who has the money to pay for it. After all needs have been provided for, we shall probably go into the next season with almost as large stocks on hand as there ever were. This in itself would justify a very low level of prices. However, the burden will be somewhat reduced as the United States government is willing, if necessary, to carry a certain amount of this wheat for future reserves, and farmers who are willing to take advantage of the loan price will no doubt prefer to let the government agencies have the wheat at the stipulated price rather than pay the loan, all of which is provided for in the contract. The Canadian government also will be willing to take wheat from farmers at a stipulated price (probably higher than they could obtain on the market), will merchandise it, and possibly dispose of it abroad even at a loss all of which creates uncertainties.

The type of reasoning which in past years has proved logical, based entirely on the supply and demand situation, will not necessarily meet with right conclusions now. Finally, of course, economic laws will still prevail as always, but the time element has to be considered also. For this reason, we have a very vacillating market, and fluctuations are very small, fewer traders being willing to take large positions in wheat until they know more about the buying prices on part of the Canadian Wheat Board.

In the meantime, receipts in the Southwest are getting very light --Salina, Hutchinson, Wichita, Fort Worth, and Enid received 210 cars versus 223 last year, and Kansas City 226 cars, compared with 467 similar period in 1937. At the same time spring wheat receipts at Minneapolis and Duluth are not showing up in such quantities

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as the large crop justifies. It may be a little too early to judge whether this will continue, but undoubtedly the loan price has something to do with inducing farmers to hold back at a price which does not seem very attractive to them. Nevertheless, the area from which wheat can be shipped will gradually enlarge and there is still the possibility that hedging sales in the spring wheat territory will become more burdensome. In the meantime, the open interest is still increasing, gaining yesterday 1,848,000 bu and now amounts to 104,341,000 bu.

Primary receipts for this time of the year are very light, being 1,746,000 bu compared with 2,603,000 bu last week and 2,248,000 bu last year. As a consequence, stocks at important terminal points are increasing very slowly. Kansas City so far this week gained only 557,000 bu. It is, therefore, quite probable that next week's increase in the visible supply will be very modest.

At the close September wheat showed a gain of 3/8¢ per bu, and the December 1/8¢.

Private crop experts confirm what had been anticipated; namely, that the outlook indicates wonderful corn yields, or a total of 2,534,000,000 bu; which would be only 111 million bu less than the big crop of 1937, despite the efforts which were made to reduce the acreage. It also compares very favorably with the five and ten year average of previous seasons. Under the circumstances, it is difficult to boost prices of this cereal. However, there is a possibility that a very high loan price will be fixed for the new crop, as the law makes it mandatory to make the loan price in accordance with conditions laid down, and must have some relationship to other commodities. However, this will be in the distant future, and will depend also very largely upon whether the farmers are willing to agree to certain other conditions and restrictions before they can avail themselves of loans.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO August 4, 1938.

If a possible conflict on the Japanese-Russian frontier could have had any affect on Liverpool prices yesterday, any such war scare must have subsided entirely this morning. Distant futures at Liverpool declined 1 to 2 1/8¢ per bu; it is true, October wheat advanced 1/4¢, but this was due to other conditions. Traders see no chance for large supplies pressing on their market at the present time, but they do feel that in December and March, particularly the latter, this situation will be entirely different. They figure that they are justified in believing that Australia and Argentina will be large sellers later on, especially the latter country, because there seems to be no doubt now that acreages have been heavily increased, and the crop outlook so far in the Southern Hemisphere is satisfactory.

The fact that spot wheat is not very abundant abroad shows conclusively now that the world may carry over quite large quantities from one season to another without being embarrassed. The United States is supposed to have a carryover of about 180 million bu, and Europe in general is supposed to have larger supplies than a year ago, but yet it appears to be all pretty well held. July wheat at Liverpool finally went out at a big premium over the October, and October wheat is now selling at 4 1/4¢ over the December, and 7 3/8¢ over the March.

We believe the uncertainties about the way the Canadian wheat will be handled has a great deal to do with this situation. Nobody at this time dares to offer much wheat from Canada. However, it is possible that this will all change over night, as everybody assumes that the trade will be informed by tomorrow of the price which the Wheat Board, or its agencies, will pay to the farmer. Also we shall have more details as to the system which will be adopted in merchandising the big crop which was raised in Canada. The general opinion seems to be that it will not interfere with future trading, that possibly elevator men will continue to buy wheat from the farmer, and that the latter will be subsidized to the extent as he will have to accept a price below the minimum fixed. There is no use, however, in speculating much on this subject until all the details are known before our tomorrow's session opens.

Broomhall reiterates that the European crops turned out very well, and that yields, without Russia, will be about 131 million bu larger than a year ago. A large part of this increase comes from the French crop, and would prove more burdensome had such large yields also been raised in the normal exporting countries. It is assumed that France will take care of her crop by carrying a large part of the surplus into another season, and using another part possibly for animal feeding. Nevertheless, there is no reason now to believe that total importations will exceed those of last year. This leaves Russia out of calculation, but possibly she may not be an important factor inasmuch as the spring wheat crop in that country has suffered a great deal lately on account of drought, crop prospects, therefore, being reduced. The spring wheat crop is still the most important one. However, we cannot ignore entirely that her clearances this week were 2,784,000 bu, possibly the largest for any week at this period of the year since the World War. Also with the frequent advices which have been sent of late that she is pressing sales, we think possibly there might be a surprise in store, and that competition fromRussia will be felt more than was anticipated.

The winter wheat movement in the United States is fair, but yet it is quite evident that the great pressure is over for this season; Salina, Wichita, Hutchinson, Fort Worth, and Enid received 259 cars compared with 251 cars last year. Kansas City received 518 cars versus 508 last year. The primary movement shows receipts of 2,189,000 bu against 2,902,000 bu last week, and 2,300,000 bu last year. Stocks at Kansas City and Minneapolis so far this week show only a very modest increase -- about 818,000 bu, and we expect only a comparatively small increase in the visible supply on Monday. Export business seems to have been very dull today, and there were not even

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rumors of many sales or active inquiry from abroad.

For the first time receipts today at Minneapolis were heavier than heretofore, and we believe this will be the beginning of a good movement, although it is reported that the farmer is rather dissatisfied with the price and is not selling his wheat very freely. However, the harvesting area is gradually extending, and whenever the biggest spring wheat state --North Dakota-- is ready with this work, we think there will be new pressure on the market in the way of hedging sales.

In the meantime, trade is extremely quiet, fluctuations very small, and it is rather difficult for anyone to make suggestions for either buying or selling until many of the uncertain questions can be solved more satisfactorily.

We are under the impression that up to the present time very few, if any loans, have been made in the United States on part of the farmer, although the loan price is higher than he can obtain at present by disposing of his wheat in the regular channels.

As a general rule primary receipts by the end of August are more than 50 per cent of the total for the crop year. Therefore, if not many loans should be made during the present month, we would conclude that the total during the year will be absurdly small.

In the meantime the open interest is growing every day, now amounting to 105,612,000 bu, and over one-half of it, or 54,118,000 bu is in September wheat. We presume, therefore, that there will be heavy liquidation of September wheat after the middle of this month, and that it will bring about a widening of the difference between September and December. It would seem to us that on September 1st there will be deliveries of quite sizable quantities, particularly of #2 yellow hard wheat. Same seems to have arrived here, and is stored in good sized amounts; there is no urgent sale for same, not likely to be a good demand for a long while, and very little hope that at any time later it will bring much of a premium. Therefore, it appears reasonable that this is the kind of wheat which will be delivered on contracts, there being no object in carrying it for an indefinite time unless one is being well paid.

At the close our September wheat was 1/8¢ per bu lower, and the December 1/4¢ down.

Practically no change in the corn situation.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO August 5, 1938.

The whole wheat world has been anxiously awaiting the decision from Ottawa about the wheat price to be set by the Canadian government. The news came out late yesterday; the price will be 0¢ per bu to the farmer for #1 hard wheat at Ft. William. Further details as to the other grades will come out later. The next matter of importance is the procedure to be used in carrying out the proposition. We, therefore, telephoned to parties in Winnipeg from whom we could get very reliable information, and were advised that according to their understanding, the fixing of the price is really only important to the farmer, and will have no effect on actual values as far as merchandising is concerned, or on futures at Winnipeg. We understand that inasmuch as government agencies will pay more than the present value everywhere for the Canadian wheat, all the wheat will naturally go to them; they will then hedge it in the pit, and will not make any attempt to export it themselves but rather will let the experienced merchants and exporters with their long established connections do the selling; they in turn will buy the wheat from the Wheat Board, and will be given futures in Exchange. This will enable Winnipeg to have a free open market, and any losses will be assumed by the government.

After this was all clearly understood it had a very bearish effect on the market, as at least a few cents had been added lately to prices in case something unexpected should happen in Canada which would be temporarily helpful to future values there. Outside of that the general news was also very discouraging. Liverpool after an early advance, also largely influenced by Canada's action, declined, and at the close futures there had lost 1/8 to 3/8¢ per bu from the previous day.

Shipments from the Southern Hemisphere this week are quite heavy --Australia clearing 2,606,000 bu, and Argentina 1,114,000 bu, and with the Russian shipments which were reported yesterday and those from India the total quantity put afloat that we know of up to the present time is 7 million bu. Consequently, only moderate amounts from North America would be needed to fill weekly requirements. We are under the impression that from now on the other Balkan states, particularly Rumania will be heavy sellers, also Poland, and with France entirely independent there is no urgent need for European millers to lay in large supplies. With these certainties, it is very evident that North America is not likely to be able to get rid of a large share of the winter surplus which was raised this season above home consumption.

Therefore, there is likely to be more or less pressure all the time, and there is very little encouraging in the situation to tempt one to buy wheat as an investment, at least not for an early turn. Any gain in futures must come later on in case the farmer should reduce acreages considerably next season. It is not likely that Nature will be as good as she was this year, nor that the yields per acre generally will be as favorable. This year we had sunshine and rain just about when it was needed. It is true many changes might take place yet; the Canadian crop may not turn out as well as some of the optimists claim. No doubt there was some deterioration of late, but Sanford Evans claims that prospects for the Prairie wheat crop at the present stage is neither for bumper yields nor for a failure. This report is based on reports from 357 experienced correspondents at country points. We assume, therefore, that an average crop is indicated, and this on the large acreage will mean a great many bushels. The Searle Grain Co. still expects that the three provinces might raise 350 million bu of wheat this year.

The movement at interior points in the Southwest is quite light: Salina, Wichita, Hutchinson, Fort Worth, and Enid received 183 cars compared with 247 last year; but for the first time receipts today in the Northwest were very heavy --Minneapolis and Duluth receiving 445 cars versus only 203 a week ago, and 188 a year ago.

(O V E R)

Unless farmers on account of the loan price are inclined to hold their wheat back, we think receipts in the spring wheat territory will be quite considerable from now on, and will add to hedging sales just at a time when they would ordinarily drop off from winter wheat purchases.

Again yesterday the open interest gained 1,331,000 bu, and now amounts to 106,943,000 bu.

We believe that we have seen signs during the last few days of a dropping off in the demand for gulf wheat, which would be quite natural, as gradually the competition from other exporting countries is being felt more. Should this tendency continue with the large stocks which have been accumulated at Kansas City and here, we would look for heavy deliveries in September; and consequently a widening of the difference between September and December, and later on between December and May.

Primary receipts were 2,235,000 bu compared with 2,722,600 bu last year, in spite of the fact that a much larger amount of spring wheat receipts were included today. Stocks at Kansas City, Duluth, and Minneapolis so far this week show an increase of only 1,591,000 bu, Undoubtedly the visible supply will not show as large an increase as last year, when it amounted to 13,896,000 bu, but we believe the increase will last for a much longer period than it did in 1937, because Minneapolis and Duluth are likely to accumulate a great deal.

At the close our market showed a decline of 2 1/2¢ for the September future, and 2 3/8¢ for the December.

There is not much change in the corn situation; the crop is getting along nicely, and considering the sharp decline in wheat prices corn held reasonably firm.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO August 8, 1938

Very little attention was paid to the news from the Far East. It was reported that Japanese and Russian troops had fought hand to hand at the Siberian frontier for 4 1/2 hours, with indications that this engagement was one of the most important in the past eleven days; but yet, traders at Liverpool were very complacent and their market closed quite weak at declines of 1/8 to 1 1/8¢ per bu. The weakest future was the October delivery, being influenced by substantial clearances of North American hard winter wheat during the last week.

These shipments amounted to 4,287,000 bu, which probably includes small shipments from Canada, and the total from all countries was 12 million bu compared with only about nine million bu last week, and about seven million bu last year. Stocks on ocean passage also increased to the extent of 1,300,000 bu. This is about 16 million bu greater than for the corresponding period last year, and we believe that Europe will soon feel the weight of new arrivals, particularly as the Canadian crop is so much bigger and supplies from that country will soon be ready.

There were very beneficial rains over the week-end in central and northern portions of both Saskatchewan and Alberta, where the wheat is filling, and those are regarded as very timely.

The export demand was very small, and while clearances from the United States had been heavy thus far, we believe there will be a sharp drop-off as soon as Manitoba wheat is available.

There is nothing new in the policy of the Canadian Wheat Board, but its operations are apparently intended to keep supplies at all times at competitive prices, and the recent announcement of the Minister of Trade and Commerce has given pretty definite assurance in that respect. It seems to us that the question of prices paid to the farmer has been overly stressed for many weeks past, and too little attention was paid to the "modus operandi". It now develops that the government will take the wheat from the farmer; that is, the farmer has the option of delivering at that price and receiving a participation certificate, so that in the event of the government being able to make a sale at better than that limit, an additional payment would be due the producer later on. However, our friends in Canada tell us, and we agree, that the current prospects appear to be that the government is almost certain to take a loss on the operation, and that there will be no future payments due the farmer.

It is generally felt in the grain trade that reliance can be placed upon the Wheat Board operating in the same way as was done since Mr. Murray took office in 1935. By this we mean that Canadian wheat will not be unduly withheld from the market.

Of growing importance also is the movement of spring wheat in our country. Minneapolis and Duluth had a total of 1,042 cars today versus 470 cars a week ago, and 500 cars last year. There is, of course, the possibility that some farmers will hold back, or possibly make loans rather than sell their wheat, although we doubt whether this will be much of a market factor.

We find that even in the Southwest, where the movement started much earlier, there is a certain amount of wheat that was originally placed on storage being sold almost daily, and at Kansas City, for instance, there were 728 cars received today against 731 cars last year. At six points, namely, Fort Worth, Enid, Wichita, Hutchinson, Salina and Amarillo, there were 473 cars today, as compared with 284 cars last year. This would suggest somewhat freer offerings. As a matter of fact, total primary receipts of wheat were 3,739,000 bu compared with 3,355,000 bu last week and 3,522,000 bu last year. As was suggested in our letter earlier, if movement from the farms is smaller now, chances are the receipts will last longer at the tail end of the season.

(OVER)

When the visible supply was posted, it showed an increase of 4,820,000 bu. Total stocks are now 96,259,000 bu. This is smaller than for the corresponding period last year when the total had reached nearly 102 million bu for the corresponding day. However, the increase for the week a year ago was nearly 14 million bu, and chances are that increases from this time forward will just be moderate, unless receipts in the Northwest become very large. Chicago stocks increased 1,189,000 bu to a total of 15,388,000 bu. This, we believe, is sufficiently large to almost insure wider carrying charges, provided of course, elevators make moderate deliveries on tenders. We believe, with the rather poor demand for yellow hard wheat, that deliveries on September contracts will take place, and therefore, we look for a wider differential from September to December than exists at this time; also, a widening tendency between December and May.

We are asked repeatedly whether we regard the present price level as tempting, owing to the severe break which has taken place. Today again new seasonal lows were witnessed, so that from time to time reactions are likely, but yet, with practically the entire spring wheat movement ahead, we cannot become outright bullish, despite cheap prices which now prevail.

At the close, September and December wheat showed a decline of 2 1/4¢ a bu.

Operators who have been bullish on corn were rather discouraged, and we believe liquidation from this source was partly responsible for today's break. There was also sympathetic selling because of the great weakness in wheat. The visible supply showed a rather substantial decrease, the shrinkage amounting to three million bu. Total supplies have now been reduced to 15,654,000 bu at all visible points, but this is nearly double the amount held a year ago. The chief influence is still the weather and with moisture over many parts of the belt, and probably more to come, reports on the crop condition were almost uniformly good.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO August 9, 1938

Based on the present price of September wheat, which is selling around 63¢, it probably takes more bushels of wheat to buy an ounce of gold than ever before in the history of our country. Had the monetary relationship not been changed, or in other words, if we assume that present prices reflect the 59-cent dollar, then wheat is selling at about 37¢ in terms of the old dollar value which prevailed until 1933. It would appear, therefore, that the theory of changing gold values to bring about a higher price level has not been borne out, so far as wheat is concerned, at least for the five-year period since devaluation took place. It would lead us to believe that either wheat is too cheap in the long run, or else gold is too high, but very little attention is being paid to matters of this kind at the moment, in view of the tremendous surpluses which were produced in North America, and which at the present time are weighing upon the market, while foreign buyers are not too responsive. Whether gold will forever remain at $35 an ounce is a question difficult to settle now, but the fact is that we are accumulating tremendous quantities each month, mostly with borrowed money, being the largest buyer of any nation,and if we should step out of the market at any time for various reasons and permit the precious metal to seek its own level, we doubt very much whether the price decline would stop, even when the old statutory level of $20.67 per ounce was reached.

There was no particular encouragement from abroad, as liquidation had also featured the Liverpool market, with generally favorable crop reports in Europe having their effect, as well as the slow demand for actual wheat. At the last, declines of 1 3/8 to 1 5/8¢ a bu were reported. Sterling was also lower and many are of the opinion that we shall soon be back to the old parity. While export business was reported as very slow, a good many people seem friendly to the wheat market at the moment, basing their belief upon the fact that after such sharp declines as we have had, technical reactions, if nothing else, might occur. There is also the feeling that while weather in Canada has been mostly favorable during the past few weeks, there is still time for frost damage, although each day brings us nearer the harvest and cutting in some of the advanced districts has already taken place.

Very little attention was paid to war news at the Siberian frontier, and although the Russian Foreign Commissar had rejected two proposals for negotiations, it seems new peace proposals are being made by the Japs, and it is thought a continuation of negotiations might still take place.

It is our opinion that permanent advances in the market are not likely until a much greater proportion of the Canadian crop has been moved. In view of the fact that the Canadian Wheat Board practically has a mandate from its government to keep wheat at competitive levels, we rather look for orderly marketing, particularly as the present organization had learned from its predecessor what it meant to accumulate large surpluses and to hold them above the market. They must also keep themselves well informed as to prospects in the Southern Hemisphere, and according to the Buenos Aires correspondent of the Northwestern Miller, the wheat crop estimates range from 250 to 280 million bu for the Argentine, although, of course, coming this early they are subject to many changes, according to crop conditions as the season progresses.

The AAA officials announced today that plans had been made to liberalize the terms of the loan on this year's wheat crop. Up to now only the higher quality wheat had been eligible for loan, but because of the fact that certain farmers had been unable to take advantage they broadened the base, making it permissible to borrow against No. 4 winter wheat, and also revised requirements on spring wheat. In the case of hard red spring wheat the loan was extended to include Nos. 3 and 4, when other qualifications were met except as to test weight.This was not much of a market factor, although it is likely that more farmers may now apply for loans, particularly as present prices have declined considerably beneath the price at which the government is willing to have the farmer borrow.

Northwest receipts are quite substantial. Minneapolis and Duluth had 768 cars compared with 256 cars last week and 284 last year. In the Southwest there was a fair movement, some points showing more cars than a year ago, while others were less. The primary receipts amounted to 1,566,000 bu compared with 2,129,000 bu last week and 2,333,000 last year.

Helped by a better sentiment, and also improvement in corn prices, there was an advance of 3/8¢ per bu for September wheat, while December

wheat was 5/8¢ higher.

There was no particular news in corn except that receipts were only moderate and we believe after these declines that the country will tend to hold more back with the idea of feeding. Crop prospects remain mostly good, and indications are for a large crop; but, nevertheless, with more animals and hogs to consume corn, we feel as though present prices are reasonable.

UHLMANN GRAIN CO.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO August 10, 1938

Although a low barometer prevails in most European countries, no important rain has fallen and harvesting is progressing rapidly. It is always important at this season of the year that the crop be gathered as quickly as possible before weather changes take place, as the mills are in need of dry wheat and they dislike early in the season to import heavy quantities of foreign wheat, preferring to use homegrown varieties at the start.

There was a better inquiry for cash wheat in the United Kingdom and this country differs from the continental nations as they have to import almost everything that is consumed at home, and use about half of the wheat of all European imports. We do not expect there will be a great rush to purchase this season, as the world wheat surplus is expected to be greatly in excess of requirements, and if Canada keeps supplies on the market, as undoubtedly will be the case, importers can satisfy their needs until Southern Hemisphere crops are available. Because of the poor outcome of last year's Argentine crop, there is very little being offered from that country, and even exports from Australia, in spite of a very large crop, have been reduced to small proportions, altho sales over night were reported as 7500 tons for the United Kingdom.

Closing quotations at Liverpool showed advances ranging from 5/8-1 3/4¢ a bu. The sharp advance was confined to the March delivery, and according to Broomhall, apparently short covering took place, some people being apprehensive over the extended conflict in the Far East. There is no particular news except that the Japanese Ambassador has stated that Japan is desirous of ending the fight on the Siberian frontier, and to establish a commission to decide the proper border. We doubt whether Russia will concede to any changes of this kind, but yet do not look for a continuation of hostilities to the end that it might involve Europe in a general war.

It is thought in some quarters, that with our government now prepared to lend money to farmers on the lower grades of wheat, the movement from the country will become smaller, as a fairly large percentage of the wheat crop this year graded No. 4, which previously had not been eligible for the loan, and farmers might now take advantage of the more liberal offer. Nevertheless, this action is coming fairly late in the season and terminals are pretty well stocked and we doubt whether milling activity will increase very much, as long as it is known that the wheat is in the country and would probably come on the market if there were any sharp advance in the price level.

The open interest has been increasing right along and now amounts to 110,714,000 bu. Apparently the hedges have been bought by speculators who believe in higher prices and we wish we might share this view for the general welfare of the country, but we see nothing at this time to bring about sustained strength. The export business from here was very light again; even countries like Italy and Germany which were thought to be somewhat deficient, are getting along on native wheat. The French wheat crop is estimated at approximately 312 million bu, and this compares with 254 million bu harvested last year. A crop of this size will be considerably in excess of needs at home and possibly give a surplus of between 50-60 million bu.

Today's primary receipts amounted to 1,611,000 bu, compared with 1,746,000 bu last week, and 2,188,000 bu a year ago. The movement in the Northwest is still very moderate, but in our opinion will increase right along. Today Minneapolis and Duluth received 688 cars, compared with 265 cars a year ago. At five Southwestern markets (Salina, Wichita, Enid, Fort Worth and Hutchinson) there were 172 cars of wheat received, compared with 198 cars last year, and this is not a bad showing. Kansas City had just about the same number of cars as last year, and so far this week stocks in that market increased 476,000 bu.

At the last both Sep and Dec wheat showed an advance of 1½¢ a bu.

Tomorrow's market will be very largely influenced by the results of the government report that will be issued later in the day. The trade is also awaiting the Canadian government report tomorrow, but we doubt whether the figures for either country will vary a great deal from those recently given by the experts.

Corn enjoyed only a moderate trade. In view of the political uncertainty, many people are confused in their ideas. Depending upon the size of the crop estimated today, the AAA will be guided as to whether or not there shall be a referendum, and in the event the farmers would vote down the marketing quota, then it also follows that no corn loans can be made, so the whole picture is uncertain and leaves much to the imagination.

DAILY MARKET LETTER

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO August 11, 1938

Since yesterday's session closed, a truce was declared between Russia and Japan; therefore, the political situation in the Far East is greatly improved. Also, the government report came out with its official estimate on the United States wheat crop, forecasting 956 million bu, which is 20 million bu more than the private experts had it. This additional quantity in itself would not be of tremendous importance, but the size of the crop is approximately 300 million bu more than home consumption, and, therefore, temporarily very burdensome, particularly so as the export outlet is extremely poor. We figured right along (and have no reason to change our opinion) that the three months -- July, August and September -- would be the most promising months for American clearances abroad, and that thereafter we shall be put at a decided disadvantage, because later on, Canada will be compelled to offer its new wheat in large quantities abroad and become a bigger competitor than heretofore. Later on, of course, we shall also have to figure on big clearances from the Southern Hemisphere and gradually the European crops, which are very promising, will be harvested, importations from the States becoming less and less.

Considering that from July 1st to August 6th, exports of United States wheat and flour amounted to less than 11 million bu, hopes for any big business during the season are dwindling, and as a guess, we would say that during the twelve-month period, if United States exports amount to 50 million bu, she would do very well. If these surmises are correct, our stocks in this country will gain 250 million bu, which, added to the 180 million bu on hand on July 1st, 1938, would give us about 430 million bu carryover on July 1st, 1939.

Liverpool was very much influenced by these conditions; also, by the large shipments from Russia, which amounted to 3,512,000 bu. This is one-third of the weekly requirements of importing nations, and considering that Russia has not been an important factor since the War, it is quite significant. So far this season, she shipped about 11 million bu, while in 1937 for the same period she cleared only 184,000 bu. What the future will bring forth, so far as her clearances are concerned, nobody knows, but if past experience means anything, she will undoubtedly be influenced by the lower level of prices; therefore, the final quantity exported may after all not exceed by too much the 46 million bu sold abroad last season.

Nevertheless, we can see no very bright prospects for wheat values in the near future. Many things, of course, might happen to change the picture. We are now assuming that the Southern Hemisphere, with its increased acreages, fine moisture and soil conditions, might raise large crops. However, we have seen deterioration after this period, and should crops go backward from now on, it would be a great help, but for the present this would only be a hope and not a prospect. Any radical change can only come from decreased acreages next season all over the world. Should it be confined only to the United States, the effects would be only moderate. We are inclined to believe that with lower prices, farmers will be more inclined to sign up with the government and agree to plant less this Fall. This would be very helpful; even a 55 million acreage would be large enough, provided weather conditions would again be favorable, but should we have the average amount of winter killing and more or less damage at various places, it would be hardly enough to produce a crop sufficient for home consumption, and then with a moderate export business, our burdensome stocks would be gradually reduced. Therefore, a year hence, the present price level might look very low, but this is a long time to wait. In the meantime, carrying charges would also have to be added, and we are under the impression that they will continually widen. A difference of 2¢ between September and December looks very small, considering that storage charges alone are 3¢ a bu, not figuring interest and insurance charges. The spread between December and May of 2 3/4¢ looks ridiculously low

(OVER)

and 4¢ would be more like what one might expect under present circumstances. Should this widening not take place, we would expect very heavy deliveries in September wheat, and at the present time we do n believe millers would wish to pay for this wheat, as there is a sufficient movement at home for them to obtain their supplies close to th mills.

Receipts at Southwestern points are getting rather light, and Salina, Wichita, Hutchinson, Enid and Fort Worth received only 183 cars. This compares with 166 last year. Minneapolis and Duluth, however, received 683 cars versus 365 a year ago, but the total primary receipts are only 1,466,000 bu compared with 2,189,000 bu a week ago, and 1,990,000 bu a year ago. This shows very plainly that even with much heavier receipts in the spring wheat territory, the falling off in the Southwest, probably on account of low prices, is so large that the total is nothing like what one would expect it to be with th size of the crop raised.

The open interest is still increasing and is now 111,586,000 bu. Inasmuch as wheat sold today at the lowest price of the crop-year, the assumption is that practically every bushel of wheat bought for future delivery shows a loss, and we therefore look for gradual liquidation in September wheat. Liverpool futures showed a decline of 3/4 to 1¢ a bu. Our September wheat declined 2 1/8¢ and December 2¢.

The Canadian government will issue a crop report today, giving the acreage on all crops in the Prairie Provinces, and the condition of the spring crops as of July 31, 1938. Should there be any material changes from present expectations, it will have a decided influence tomorrow, but we ourselves believe the spring wheat crop in the three provinces will be a very large one-- considerably over 300 million bu, and possibly 330 million, or more. The fact that Secretar of Agriculture Wallace announced yesterday that the forecast of 1938 corn production will not require a referendum on marketing quotas under the terms of the new Farm Act, was considered rather bearish on corn, and prices declined sharply.

Corn prospects continue to remain favorable. However, loans on the current corn crop will become mandatory if present prospects are maintained through November 1st. Of course, in case the loan price finally should be considerably higher than the market value, a great deal of corn would be stored and withheld from the market, with the intention of making loans from the government, and finally government agencies might carry a large part of the crop.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO August 12, 1938

Yesterday, after our session had closed, the Canadian government gave its first official estimate of acreages sown, and also gave the wheat condition. It was rather surprising to learn that the wheat acreage was increased, when the contrary had been expected, and the estimate for 1938 for the Prairie Provinces was given as 24,946,000 acres of spring wheat, which compares as follows:

1937	24,599,000 acres
1936	24,837,000
1935	23,293,000

the 5-year average from 1931-1935 being 24,750,000 acres. The condition of 82 per cent leads us to believe that the outlook for the three Provinces is approximately 343 million bu. Not everybody figures it the same, but we believe our calculation is correct. It is based on a long-time average yield per acre of 16.8 bu. This is arrived at by figuring Manitoba at 16.8 bu; Saskatchewan, 16.3 bu, and Alberta, 17.9 bu per acre. In the eastern part of Canada about 20 million bu are expected, so the total Canadian wheat yield would be approximately 363 million bu, or 250 million bu more than yearly home consumption. There seems to be no prospect that anything like this quantity can be sold abroad during the next twelve months, and, therefore, at the end of the season, Canada will have to again deal with a very sizeable carryover.

We had rather expected that the report would be construed as very bearish at Liverpool, the same as it was construed here today, but we believe many European nations must be laying in very large supplies just now as a precautionary war measure; and we cannot otherwise explain the much larger importations abroad which have taken place since July 1st, compared with last season.

Liverpool closing prices showed a decline of only 3/8 to 3/4¢ a bu, which was considerably less than the drop in values which had taken place here yesterday. Possibly the delay in the harvest in Northern Europe, on account of fairly widespread storms, had something to do with sentiment abroad; but there has been a sufficient amount of wheat put afloat so that there will be no real scarcity, not even temporarily.

Argentina cleared this week 1,029,000 bu versus 876,000 bu last year; Australia, 2,100,000 bu against 1,473,000 bu, so including Russian, Indian and shipments from sundry countries, it would easily give 8 million bu without North America. We, therefore, assume that world shipments next Monday will be again quite heavy and larger than in 1937. This has been going on now ever since the 1st of July, and should it keep up for the balance of the year, which might be the case, it would be very welcome.

We have always claimed, and have never had reason to change our theory, that lower prices lead to increased consumption, not altogether because more flour is consumed, but there is a natural tendency to be a little more liberal and more waste takes place.

For the present, we are still confronted with the increased movement in the Northwest, but fortunately winter wheat receipts have declined to a point where they are no longer very burdensome. Enid, Wichita, Hutchinson and Salina received only 119 cars versus 123 cars the corresponding day last year; and Kansas City had only 271 cars compared with 411. However, Minneapolis and Duluth received a total of 761 cars, where only 445 were received a week ago and 408 a year ago. This will continue for some time, and, therefore, hedging sales

(OVER)

from that quarter will have to be absorbed. This again probably wil lead to a continuation of an increase in the open interest. Yesterday's gain was 722,000 bu, and the total is now 112,308,000 bu.

Fortunately, a great many traders and investors start looking a the low price, and are willing to make purchases, even though they a prepared to lose money first, and wait until the turn comes. One should always think of the past, and whenever any cereal dropped to a point where remuneration to the farmer was very small, or possibly caused a loss, adjustment usually came. First, great reduction in acreages took place, then the land was neglected, economies took pla in the use of fertilizers, and finally, with inclement weather in other seasons, accumulations have been absorbed.

The interference of various governments with this natural proces may delay matters. Poland is paying a bounty now of about 20¢ a bu for export, and, consequently, the farmer will probably have fair pay for his crops and will not see the necessity of curtailing his plantings. Rumania also does the same and subsidizes the export business. Canada does it in a different way, but the farmer probably is moderatly satisfied with the price he obtains for his wheat with government help, and will not be inclined to sow less next season. Here in the United States the loan price is some help to the farmer, and through various other inducements our acreage probably will be very largely reduced; but unless other nations do the same, the effect will be onl moderate for a while. Also, holding wheat off the market does not take the place of consumption, and greater outlets are needed, but no in sight at the present time.

Primary receipts of wheat were only 1,907,000 bu compared with 2,235,000 bu last week and 2,159,000 bu last year. Stocks at Kansas City, Duluth and Minneapolis show an increase so far this week of 2,017,000 bu. However, we believe that the visible supply will show a more moderate increase compared with a large gain of 8,307,000 bu last year; and the total will be less than it was in 1937. This, despite a larger crop, which shows clearly that there is a tendency on part of farmers to hold off selling their crops.

At the close September wheat showed a decline of 1/4¢ a bu and December 1/8¢ compared with yesterday.

The corn market acted independently strong. Primary receipts are getting much lighter, 680,000 bu today versus 751,000 bu last week; and the export demand keeps up, although on a considerably smaller scale. There were also some reports of dry spots in the corn belt, although in a general way the crop is making good progress. The decline had been very sharp and a reaction was to be expected, but compared with wheat, the price is reasonably high, and now seems to be at least on debatable ground.

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CHICAGO MERCANTILE EX.

CHICAGO August 15, 1938

Despite continued weakness in North America, wheat futures markets in Liverpool are comparatively firm, and have only partially and reluctantly followed us lately, the difference between Liverpool and Chicago futures having widened. This in spite of the fact that world shipments continue to be comparatively large and the weekly importations are supposedly much greater than weekly consumption. World clearances this week were 12,268,000 bu versus 6,452,000 bu last year, or almost double, and since July 1st, importers received 64,110,000 bu versus 47,673,000 bu. The fact that the amount on passage is now 37,856,000 bu, compared with 21,392,000 bu, is clear evidence that the additional quantities obtained have not necessarily been consumed. Broomhall points out right along that the strength abroad is chiefly due to the political situation and war scares have not yet disappeared. The largest and most intensive war maneuvers since the World War are now under way in Germany, and while the purpose of same may be nothing else but a strong demonstration of its great power, nevertheless, as long as the Czechoslovakian controversies with Germany are not settled, a certain amount of unrest is likely to continue, and it is only natural that larger reserves of foodstuffs should be acquired abroad.

In this country, as well as in Canada, the question of the trader is not so much what he thinks about the value of prices, but with the visible supply increasing right along and with more hedges having to be absorbed every day, there is a steady pressure which is difficult to overcome. This particularly so, as new export business seems to be almost absent for the time being, although last week's clearances from North America are still quite considerable constituting about one-third of the total, and amounting to 4,195,000 bu, compared with 2,580,000 bu last year. We assume that a large part came from the United States, as arrivals of new wheat in Canada were hardly large enough to permit heavy shipments. Fortunately, the Southwestern movement is declining very largely and Wichita, Enid, Fort Worth, Salina and Hutchinson received only 263 cars; Kansas City had 391, compared with 507 last year; St. Louis, 74 versus 458, and Omaha, 137, a little larger than last year when receipts were 111 cars. However, what we predicted right along would come now has to be faced, namely, the heavy movement in the Northwest, and Minneapolis and Duluth received 1646 cars today, only 778 cars having reached those markets last year.

It is also more and more recognized and admitted that the three Canadian provinces are likely to raise close to 350 million bu, and with only comparatively small home consumption, the pressure for export is likely to be quite extensive. All governments are studying means for assistance to the wheat farmer, as these low prices must hurt the farmer's income very materially and whenever his purchasing power is reduced, the effects are very widespread and industries can not escape the diminished demand for their products. So far, Poland and Rumania have resorted to subsidies. Canada is doing practically the same in agreeing to buy wheat at a certain price and willing to sell it at a loss, if necessary, to encourage export sales.

Argentina reports dissatisfaction is evident among growers, but no steps have been taken as yet to secure government intervention in that market. However, the opinion is expressed that a minimum price might be established if prices decline too much. There are also rumors that Secretary of Agriculture Wallace is contemplating and studying the question of subsidies to increase our export business. In this attempt to find a market for surpluses, the importing countries would naturally profit, but whether in the end the exporting nations would profit much seems doubtful. It is now assumed that the total needs of all importers will be close to those of last year, or about 500 million bu. With special inducements, this figure might be raised to 600 million bu, but not much above that is likely; therefore, the possibility of disposing of all surpluses is unlikely, and much must be carried over in the countries where the wheat was raised. Next year, should we have decreased acreages, and poorer

crops, matters would adjust themselves the same as they always have, and only smaller production or increased consumption will finally do the trick -- we do not believe one country alone can do it -- the same as in sugar, rubber, copper, etc. there must be harmonious agreements among the biggest producers.

Primary receipts of wheat, largely due to the heavier arrivals from the spring wheat territory, were 3,144,000 bu compared with only 2,866,000 last year. The visible supply, however, showed a much smaller increase, being 4,886,000 bu, while last year it amounted to 8,307,000 bu. Totals are now nine million bu smaller than in 1937, which, in our opinion, is almost entirely due to the holding tendency on part of farmers in the winter wheat territory on account of the loan price.

At the close, September and Dec. wheat showed declines of 1 1/4¢ a bu since last Saturday.

Corn receipts are getting rather light, primaries being only 731,000 bu versus 856,000 bu last week, and stocks continue to decrease. The loss in the visible supply amounts to 2,157,000 bu and total stocks are now very moderate, namely, 11,497,000 bu, and only 6 1/2 million bu more than in 1937. The farmer is evidently dissatisfied with the price, as stocks in the country are still very large. However, showers have occurred since Saturday morning over portions of North and South Dakota, Kansas, Nebraska, Oklahoma and Iowa, being heavy in Eastern Kansas and Nebraska. There was some deterioration last week on account of the hot, dry weather, but these rains ought to be very beneficial to the growing corn crop, and it now appears again as if yields are likely to be very heavy. The corn market suffered from the change in weather conditions.

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CHICAGO MERCANTILE EX.

CHICAGO August 16, 1938

Liverpool cables were quite weak before our session opened. While there was a moderate recovery, the close still showed a decline of 3/8 to 3/4¢ a bu.

Export demand from all quarters was reported as being poor. European crop prospects continue highly favorable. Russia is harvesting grains actively, and winter wheat supplies are abundant, while spring wheat stocks are only moderate. However, that country is still offering freely and underselling other exporters. Balkan States confirm, after receiving threshing returns, that yields are large and of good quality. France has a large surplus this year, but probably no large exports will take place, creating a reserve for other years. Germany also is satisfied with the results, and a good wheat crop is indicated, but probably will still be a buyer of wheat stocks for security. Italy may have overestimated her crop, expecting an outturn of 256 million bu, but, nevertheless, this amount would go a long way for her needs and importations probably will be only moderate. Conditions at the present time in the Argentine and Australia are also highly satisfactory, and there is very little doubt in our mind that supplies for this crop-year will be very abundant and also might become very burdensome.

However, there are other factors now which enter into the situation very largely, and cannot be ignored. The loan price in the United States shows its effects now, and receipts at interior points in the Southwest are getting very small. Salina, Wichita, Hutchinson, Fort Worth and Enid received only 90 cars today compared with 113 last year. Primary receipts are 1,547,000 bu against 1,566,000 bu a week ago and 2,401,000 bu last year. This, despite the very much larger crop all around, particularly in the Northwest, and it is quite evident that as soon as the crest of the spring wheat movement is over, receipts will be very light. This, of course, should not be construed as indicating that there will not be plenty at all times, but the pressure will be considerably less than if the farmer had not been induced to hold his wheat, or finally sell it to the government, who in turn will store it and not offer it for sale at the present time.

More important than these items is the new AAA program outlined by Secretary Wallace. According to the general terms, as we understand it from the announcement made yesterday, the wheat allotment for the next year will be 55 million acres compared with a seeded acreage this year of more than 80 million acres, and a 10-year average of about 69 million acres. This part is really no news, and had been expected right along, but it was assumed that many farmers would not sign up and comply with the terms of the program. However, nobody then had expected that the farmer by complying with the conditions imposed upon him would receive such large benefit payments, as promised now, amounting to about 26 to 30¢ per bu on wheat.

We now must assume that under the circumstances next year's wheat acreage will be extremely small. If only 55 million acres are sown, and assuming the normal amount of winter killing, the best we could hope for under these conditions would be a crop about equal to requirements for home consumption. This would allow nothing for export, and if the weather should be at all unfavorable, yields naturally would be below that. It is very seldom that we escape crop scares in Spring, and no doubt we shall have the same in 1939 as always. This we could easily imagine might lead to tremendous speculation in May wheat, on basis of present levels. To the ordinary trader the price would appear very cheap, with many possibilities, should Nature not be as generous as she was this year. This naturally has to be kept in mind from now on. The time element, of course, is very important, as a great many speculators who buy now might be tired out when

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the real time for an advance would be in sight, because, in the mea time, wheat supplies are so large everywhere and the pressure will be great at all times.

It is only natural that those who agree with us in this, in case they should make investments, should buy May wheat in preference to September and December. As far as September is concerned, it expires very soon and deliveries might have to be taken. The difference between December and May of 2 3/4¢ prevailing at the present time does not appear at all big, considering it costs 5¢ a bu storage alone to carry wheat for five months.

Northwest receipts were only moderate today, by way of comparis 669 cars at Minneapolis and Duluth versus 768 cars a week ago and 778 a year ago. However, Winnipeg received 317 cars, and farmers' marketings were 1,061,000 bu, this showing that the movement in the three Prairie Provinces is starting in earnest.

The open interest is still increasing, gaining 403,000 bu yesterday, and now amounts to 113,557,000 bu.

At the close September wheat showed an advance of 2¢ a bu, and December 1 3/4¢ compared with yesterday.

Corn was independently strong, particularly the nearby future, Stocks are decreasing right along, and the farmer seems to be unwillin to accept current values for his old corn. Primary receipts were 666,0 bu today compared with 460,000 a week ago, but some export orders have to be filled right along, and the shipments actually exceeded the receipts, being 741,000 bu. This great strength in the nearby future affected also the deferred ones, and December and May corn gained in sympathy with it. However, with further rains in many parts of the corn belt, we think crop prospects are excellent, and we do not feel the same way on December and May corn as we do on September. The farmer, even now, is inclined to offer it freely for December shipment at what we consider very attractive prices.

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CHICAGO MERCANTILE EX.

CHICAGO August 17, 1938

So far as values of wheat in the United States are concerned, there are now a number of very encouraging factors, but on the other hand, there are also a great many obstacles preventing higher prices, and it is difficult at the moment to strike a balance. The favorable factors are mostly the government efforts to bring about better level of values. The fact that there is a loan price above current quotations, encourages the farmer to hold his wheat, which will finally result in the government holding sizeable quantities which will not press on the market. Furthermore, it is almost a certainty now that wheat acreages will be very small next season and will undoubtedly induce heavy speculation later on, if the present level of prices is maintained. Moreover, we understand it is contemplated to export about 100 million bu of wheat under some sort of arrangement, which wheat might be sold at a great sacrifice, and which might depress European markets, but it would temporarily relieve the burden here, and, therefore, would be a stimulant in the United States.

On the other hand, we raised approximately 955 million bu of wheat this year. With domestic consumption of only 655 million bu, and 100 million bu for export,(as less wheat will be needed for seeding) we would still add to our previous carryover about 200 million bu, or a total quantity of 380 million bu next July 1st. With such large quantities having been sold already by farmers in the winter wheat belt, we doubt whether the Commodity Credit Corporation will finally own a large percentage of the surplus, and the bulk will still remain in other hands where it may always be sold if prices look tempting.

Now with regard to exporting 100 million bu of wheat, even at a sacrifice it will be no easy task. If it were our problem, and scanning the world over for an outlet, we would naturally first think of England, which yearly imports about 40 per cent of all the wheat exported from all countries. We assume we would be faced with the fact that England would not be disposed to make any kind of a trade which would hurt her colonies; Australia and Canada, which are large exporters, would have to be considered, and naturally, they might assume the same tactics as this country. We leave out of the question the other two European countries with large populations-- Germany and Italy -- as they are of doubtful credit and from past experiences, they would be no tempting risks. France, of course, is an exporter this year, and not an importer, and the requirements of the smaller European countries do not cut much of a figure.

There is one possibility, however, which we understand has been discussed recently at Washington: namely, that England in order to favor this country and help along negotiations for a commercial treaty, might be willing to cover her excess reserves in preparation for war through purchases in this country, and so not interfere with regular trade requirements for Canadian wheat, which still could be bought in the usual quantities by English millers for normal needs.

There still remains another possible outlet: the Orient. So far as Japan is concerned, we doubt whether she would have the resources to buy extra quantities, and with her 6 1/2 per cent bonds selling at 66 1/2, and the 5 1/2 per cent bonds selling at 51¢. or on a 10 per cent basis, she would hardly prove a good risk. So far as China is concerned, with her most prosperous territory occupied by Japan, it would not be very tempting to make sales to her on credit.

Liverpool was not much impressed with our strength of yesterday, Naturally, the more efforts the exporting countries make to sell their wheat, the weaker Liverpool futures might finally get. At the close futures there showed an advance of only 1/8 to 5/8¢ a bu, which was a poor response to our yesterday's gain, and to our early strength here today.

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Receipts in the Southwest are dwindling to very small proportions. Wichita, Salina, Hutchinson and St. Joseph received only 71 cars compared with 130 a year ago. Kansas City had only 128 cars versus 231; and St. Louis 35 compared with 97 last year. At this rate there ought to be a decrease in stocks soon at terminal points in the winter wheat belt. However, for the present the movement is still big at Minneapolis and Duluth, and these two markets received 972 cars against 688 cars a week ago and 629 a year ago. Owing to same, the primary movement is still bigger than in 1937, similar period, receipts today being 1,934,000 bu compared with 1,611,000 a week ago and 1,808,000 last year. Canadian farmers' marketings are slowly increasing, and amounted to 1,076,000 bu today. Of course, with a crop about twice as large as last year, this movement in Canada will continue for a long time, and the Winnipeg market is comparatively the weakest.

The open interest is still increasing, and now amounts to 114,645,000 bu, of which 41,306,000 bu is in September wheat. We, therefore, expect a great deal of spreading in September and the more deferred months during the next two weeks before delivery day comes.

At the close September wheat showed an advance of 7/8¢ a bu and December 1¢ compared with yesterday.

The feeling in corn was less bullish today, as there are freer offerings from the country at the advancing level, and we believe the market easily would have declined more, had it not been for the great strength in wheat. Primary receipts are still light, 397,000 bu vs. 481,000 last week and 171,000 last year, but the export demand is also poorer, and crop prospects are very excellent, so that we feel May corn is very high and might sell considerably lower later on when new receipts come to this market.

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CHICAGO MERCANTILE EX.

CHICAGO August 18, 1938

More information was furnished to the trade overnight regarding the government's plan to export wheat, and the intention is to dispose of about 100 million bu. The United States will shortly approach Canada with a proposal looking toward a cooperative program for stimulating wheat exports, which will permit each nation to obtain a fair share of the world wheat trade. The method to accomplish this has not yet been divulged, and there is no doubt that under the Farm Act the government has authority to use a portion of the money to subsidize American exports. While it may be a difficult task to accomplish the desired objective, nevertheless, if the sale price is no object, and when the chief aim is to reduce our large surplus, regardless of cost, it might be done.

Proper consideration will no doubt be given so that it will not interfere with trade agreements, but as other nations, such as Poland, Rumania and Canada, are also subsidizing wheat farmers, no doubt we have the same right. We mentioned yesterday that there are not many countries which will be in a mood to buy large quantities in excess of their needs, particularly as Broomhall estimates that the Southern Hemisphere might have 300 million bu of wheat to spare this season. The total normal requirements are only 550 million bu for the importing nations, and so far with estimates up to next Monday, 85 million bu have been cleared already, with possibly 15 million bu more contracted for, so that the first 100 million bu have been already supplied.

England, the chief importer, is reasonably well fixed for the present. Warehouse stocks continue to increase and are now ahead of a month ago, and a year ago. It is estimated that 16 million bu are owned by the government. The amount on passage is also very much larger than it was last year, and it is, therefore, evident that this season the competition among the exporting nations will be particularly severe, and the importers can afford to be very independent. This state of affairs finds expression in Liverpool futures, which declined 5/8¢ for October, although gaining 5/8 to 7/8¢ for December and March. March wheat at Liverpool is selling at 73 5/8¢ and December at 75 1/8¢, compared with our May wheat at about 69¢; therefore, the margin between Liverpool futures and ours is very small, particularly for later deliveries, and in our opinion, cash transactions could only be made at considerable sacrifice.

Black Sea shipments were again very heavy this week, 2,816,000 bu compared with 960,000 bu last year. This includes Russian exports of 2,624,000 bu, and that country has so far cleared 13 1/2 million bu, while the total sales last year amounted to only 46 million bu. It seems that even if proper arrangements are made with Canada, we shall still have to figure with Russia and also with Rumania, which raised a very large crop this season and has shipped very little to date. India is also supposed to have the largest amount for export than for many years. Argentine shipments were small this week, 735,000 bu against 853,000 bu last year, but this is not significant, as the amount of old wheat left in that country is very small and she will not become an important factor until after January 1st. She is supposed to have a very large acreage, with excellent soil conditions, and while much may happen between now and harvest, the outlook at present is very favorable.

Even assuming that exports from this country will total 100 million bu, (and caution now requires to figure on that amount) we shall still have quite a problem, as the remainder, after home requirements are deducted, would still be considered as very burdensome in any normal season. We raised approximately 300 million bu more than our home needs and carried over 180 million bu, or a total of 480 million bu,

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so even with exports of 100 million bu, there would still be 380 million bu left-- approximately 200 million bu more than last season, which is more than in most years, and not much below the biggest surplus ever carried over from one year to another.

However, if in addition to the subsidies, the government would carry some of this wheat on the loan plan, the burden would be that much reduced, and, of course, with a decreased acreage next year, the situation might change radically in twelve months. However, it may take quite a little patience to wait until the supply and demand situation again becomes more normal. Speculation has been aroused now and it is difficult to tell what it will do if certain purchases for export should be made suddenly by government agencies-- it might temporarily cause more or less excitement and it is difficult to forecast what markets will do in the immediate future.

In the meantime, receipts at interior points in the Southwest were very modest-- Salina, Hutchinson, Wichita, Fort Worth, Enid and Amarillo received 145 cars vs. 104 last year; Kansas City had 171 cars compared with 316; St. Louis, 40 against 113, and Omaha received 87, compared with 494 last year. However, the movement in the spring wheat territory is still very heavy and Minneapolis and Duluth received 851 cars compared with 715 a year ago.

Primary receipts of wheat were 2,065,000 bu compared with 2,022,000 last year, and they will be reasonably heavy for some time, until after we have seen the crest of the spring wheat movement. Stocks at Kansas City and Minneapolis so far this week show an increase of 946,000 bu, and we expect another increase in the visible supply, although only moderate.

At the close September wheat showed a gain of 1/2¢ a bu and December 3/8¢ compared with yesterday.

Corn receipts are extremely light, only 384,000 bu vs. 590,000 last week and 272,000 bu last year. However, crop prospects are very excellent, and with plenty of old corn left in the country, we see no inducement to buy this cereal at present prices.

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CHICAGO MERCANTILE EX.

CHICAGO August 19, 1938

The wheat trader does not lead a monotonous life nowadays-- every day new features are brought to his attention, which change or modify previous calculations. Yesterday, after the close of the session, the Bureau of Agricultural Economics gave the United States carryover of wheat, which was expected to be 180 million bu, as being only 173,638,000 bu, but for the first time they separate the old and the new wheat, which will be carried over on farms, in country elevators, mills and commercial stocks, and same amount to only 154,072,000 bu of old wheat. On the same basis, they also revise the carryover of the previous season from 91 million bu to 83,214,000. Therefore, it is evident that either the consumption last year was greater than was assumed, or otherwise, the crop was smaller to the extent of about 20 million bu. In any case, the disappearance seems to have been 700 million bu. Assuming that this season requirements for human and animal purposes will be the same, but reducing the amount needed for seed by 30 million bu, we have to figure now on a consumption of 670 million bu. New crop figures, plus the carryover of old wheat, would give a total domestic supply of 1,110,000,000 bu. Should we consume 670 million bu, and export 100 million bu, there would be a disappearance of 770 million bu leaving 340 million bu on July 1st. The present carryover is the largest since 1934, when there was 274 million bu, and, of course, it will be so much greater on July 1st, 1939.

Another feature which gave the trade something to think about is the fact that plans for subsidies have not yet been positively formulated, and that there may be some opposition to the scheme on part of Secretary of State Hull so as not to interfere with our commercial treaties and other arrangements. Naturally, there may be some modifications and further uncertainties are created. Europe also welcomed the President's address, in which he intimated protection to Canada, thereby giving warning to both Hitler and Mussolini that in case England should become involved in a life and death struggle, which would be bound to involve her colonies, America would probably be on their side-- if not actually, certainly morally. This, one would imagine, would give the aggressor something to think about before venturing to involve the world in another disastrous war, and would allay fears of European complications.

It cannot be said that all these events had much effect upon the wheat market, as there are so many conflicting factors to be considered. The trade is neither aggressive on the bull side nor on the bear side at the moment. In normal times, of course, the world supply and demand situation is a dominant feature, and the large excess of wheat throughout the world cannot be ignored.

The movement in Canada is gradually enlarging and farmers' deliveries today amounted to 1,704,000 bu. At present receipts are coming chiefly from the Provinces of Manitoba and Saskatchewan; Alberta, which is very important and where the yields this year are very big, will only be cutting wheat in a general way in about a week, as the wheat is slower in ripening; therefore, we expect the pressure from Canada will be very great for a long time and will make it very difficult for Liverpool prices to advance much. Their futures again showed a decline today of 1/4 to 3/8¢ a bu. A certain firmness was imparted abroad on account of the small Argentine shipments, which amounted to only 594,000 bu compared with 853,000 bu, but Australia cleared 2,095,000 bu vs. 917,000 bu last year.

In this country, receipts in the Southwest continue to be light- Salina, Wichita, Hutchinson, Fort Worth and Enid received 129 cars, compared with 98 last year, but Minneapolis and Duluth had 944 cars, vs. 791 cars a year ago, when a large amount of wheat probably came from other terminal markets, as the spring wheat crop was so very poor. Primary receipts of wheat were 2,263,000 bu compared with 1,907,000 last week and 1,749,000 bu last year. As long as the big movement in spring wheat continues, the totals, in our opinion, will still be quite big,

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and stocks will continue to increase. So far this week Kansas City, Duluth and Minneapolis show a gain of 3,852,000 bu. It is, therefore apparent that the visible supply next Monday will show another good-sized increase, although we doubt very much whether it will be as large as the one same period last season, when there was a gain of 6,528,000 bu.

The open interest yesterday declined for the first time in a long while, about 635,000 bu, and is now 114,066,000 bu, of which 39,194,000 bu was in September wheat. It is more than probable that a very large proportion of same will be liquidated both ways before delivery day. We assume the longs will liquidate or else change over to deferred months and the hedgers likewise will go into the later deliveries.

At times there was more or less strength in our September wheat, and it seems foreigners were scared on account of somebody expressing the opinion, and evidently cabling it abroad, that the government agencies might buy some September wheat. We do not believe from the best information we can gather that there is any foundation for any such supposition; nor do we think government agencies, should they contemplate buying futures, would buy September wheat, take delivery and pay storage charges, when it is so much more advantageous to buy December or May wheat. We ourselves believe that there will be very heavy deliveries on September 1st of yellow two hard wheat, which will be difficult to dispose of, and which is not wanted by either millers or exporters at the present time. It is for this reason that we think September and December wheat will widen to 3¢ a bu. At the close our market showed an advance of 3/4¢ a bu for September wheat and 5/8¢ for December compared with yesterday.

Trade in corn is rather light, and as far as the export business is concerned, we are meeting now the Argentine competition. Recent weather was rather favorable for curing of the corn there, and it is expected that from now on our exports will be on a smaller scale, but no doubt will continue in moderate volume. New crop prospects continue favorable, and the price looks high to us under these circumstances.

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MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO August 22, 1938.

It may be a little early to be too positive about making estimates as to the amount of wheat on which farmers will borrow money from the Government, but yet judging from the primary movement up to last Saturday compared with other years, we do not believe it will be on a very large amount. So far this season total primary receipts were 140,717,000 bu, compared with same period in

1937	-	165,454,000 bu
1936	-	112,465,000
1935	-	68,420,000
1934	-	63,892,000
1933	-	53,125,000

Of course, they were bound to be smaller during the four drought years, 1933 to 1936, but yet they are only 25 million bu less than in 1937. Such a difference even had no loan price been fixed might easily be accounted for: despite the fact that the winter wheat crop was somewhat larger this year, the price was so very unattractive that most farmers were reluctant to sell their wheat this early. Considering that as a general rule over 50 per cent of wheat receipts at primaries show up during the first two months, or by the end of August, and further considering that there will be a heavy movement now at both Minneapolis and Duluth for sometime, there is no indication of a strong tendency on part of farmers to take advantage of the loan price, and most of them seem to sell their wheat much the same as they have done in the past.

Liverpool wheat cables were reasonably steady today; October and March wheat declining 1/8¢ per bu, and the December future gaining 1/4¢. The comparative strength with our decline here on Saturday was explained by the fact that Russia suddenly stopped offering wheat in large quantities. This, in our opinion, however, does not change the general situation very much. More important to us is the fact that the importing nations continue almost every week to buy more than in the same period last year in spite of much better crops abroad.

World shipments this week were 10,867,000 bu versus 7,464,000 bu a year ago, or almost 3 1/2 million bu more. It is a further confirmation to us that many nations are laying in large supplies in case of war, and in all probability this will remain a permanent policy. The fact that the amount on passage is 39,104,000 bu against 20,272,000 bu in 1937, shows very plainly that this wheat has not gone into consumption yet, but is being acquired as an extra reserve. Fortunately, however, for those countries which did not raise sufficient quantities to support their populations, there are many exporting countries this year which are in a position to fill their needs.

In the week ended August 19th farmers' deliveries in Canada were 7,737,000 bu versus 4,731,000 bu last year, and with the movement only fairly started it is quite apparent that Canada will be in a position to offer large quantities, but the demand must be even much greater than at present from Europe in order to absorb the offers without great reduction in price.

We call attention again to the great importance the United Kingdom plays as an importer. Official figures show that total importations of wheat and flour from August 1, 1937 to May 31, 1938, amounted to 307,487,000 bu, of which the United Kingdom absorbed 144,527,000 bu, or almost one-half. While Russia may become less important from now on as a competitor, the four Danubian countries including Bulgaria, Hungary, Rumania, and Jugo Slavia have a combined surplus of 112 million bu this season compared with 55 million bu in 1937, or practically double the amount, and having shipped very little so far their clearances from now on ought to be very large.

(O V E R)

So there is really plenty of wheat in sight for all those who can pay for it, even without taking into account the possibility of shipments from the United States.

Nothing new seems to have developed during the last 48 hours about definite plans of subsidizing wheat exports from this country; in the meantime the demand for the United States wheat is very poor, and we could learn of no transactions having taken place today.

Receipts in the Southwest at interior points are surprisingly big --Hutchinson, Salina, Fort Worth, Enid, and Wichita received 238 cars versus only 97 last year. Omaha had 126 cars versus 69 a year ago; St. Louis 61 versus 108, and Kansas City 289 against 331. However, the spring wheat movement is very important, and Duluth and Minneapolis had 2,010 cars whereas last year they had only 1,498.

Chicago stocks now amount to 16,859,000. This compares with the amount of wheat in this city in other years as follows:

1937	-	14,470,000 bu
1936	-	10,764,000
1935	-	7,147,000
1934	-	8,409,000
1933	-	7,521,000

Consequently, we have more wheat available here for delivery than for a number of years; therefore, it would be quite natural to expect that on September 1st deliveries will be much greater than in previous seasons. In fact, in talking with a number of elevator concerns we gathered the information that in all probability they will be inclined to make deliveries on their September contracts, and we would not be surprised if a total of 2 to 3 million bu would be delivered on September 1st, particularly if the September and December wheat does not widen in the meantime to such a point where it would pay elevators better to carry the grain themselves rather than collect storage charges from the speculator. There is not much chance of a great amount of wheat being shipped out from here, as the demand for the Chicago wheat at present is very indifferent, most millers being able to obtain their supplies at home.

Primary receipts of wheat were large, 3,272,000 bu compared with only 2,609,000 bu last year. The visible supply showed an increase of 6,255,000 bu versus 6,528,000 bu last year. The market acted tired, and until the heaviest movement is over in the spring wheat territory, do not think wheat purchases are a good investment.

The corn market was influenced by the continued good prospects, and a poorer export demand; believe it will sell lower.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO August 23, 1938.

Liverpool cables were very weak today, futures declining from 5/8 to 7/8¢ a bu. Broomhall gives as one of the reasons for the easiness abroad the rumors that possibly the duty against foreign imports into Great Britain might be temporarily withdrawn against United States wheat. He claims this caused considerable local liquidation. Naturally, if these rumors prove to be true, it would be bearish on English markets, as more United States wheat could be sold there, and it would also be detrimental to Canadian values, as it would put us on an equal basis with them while now we are at a disadvantage to the extent of 6¢ a bushel. Furthermore, it would be bullish here, as no doubt it would enable us to sell more wheat to the United Kingdom, the best wheat market for exporters at the present time. However, we doubt very much whether this will come about, but we heard sometime ago of plans which are being considered by England and the United States, and which we think are more likely to be realized. In the treaty now being negotiated between the two nations, our country is particularly anxious to obtain some concessions, so far as wheat exports are concerned, but it is very difficult for England to comply with this, without hurting the feelings and pocketbooks of Australia and Canada, something, of course, which must be avoided.

Should the duty be removed on American wheat, the other countries would not like it very much --Argentina, which is a good customer of England, would also object to preferences given to us. The ingenious idea was conceived that England might possibly remove the duty on that part of the wheat which she intends to purchase for excess reserves, so as not to interfere with the regular trade of Canada and Australia with English millers. Should this be the final solution, it would, of course, be a little helpful, but not to any large extent, and with the enormous supplies of wheat all over the world, we need more than a few palliatives to cure the situation. Furthermore, no one can tell how long it will take until the treaties are signed by both parties here and abroad; therefore, even though better sentiment was created at times it did not, and probably will not, last.

However, at the present time there is no great pressure here, and receipts at Salina, Hutchinson, Wichita, Fort Worth, and Enid were only 107 cars, although they were very small last year also when they amounted to 57 cars. Kansas City received 130 cars versus 80 a year ago. The heavy movement to Minneapolis and Duluth continues, and receipts in those two markets were 903 cars compared with 653 the previous season. Also Canadian farmers' deliveries are gaining almost from day to day, today amounting to 2,359,000 bu, which no doubt will soon have the effect of largely increasing stocks in Canada. Minneapolis for one day also showed an increase of 475,000 bu. Total primary receipts were 2,373,000 bu today against 1,547,000 bu last week, and 2,265,000 bu last year.

The open interest reached a new high point for this period, gaining yesterday 1,546,000 bu, and now amounts to 116,284,000 bu. Of this quantity there are about 37 million bu open yet for September delivery, with only eight more business days before delivery, including today. The trade today was so small that we do not believe there has been any material change. As it is the habit of a great many traders to liquidate their long holdings before they have to pay for the grain, we presume there will be very heavy liquidation this week and the first few days of next week.

There was very little interest shown in the market today, fluctuations were comparatively small, but with no great pressure and with a strong stock market values finally advanced a little, and at the close both the September and December future showed a gain of 1/4¢ per bu compared with yesterday.

The weather continues to be very favorable for the corn crop; local thunderstorms have occurred during the past 24 hours over northern Illinois, northern Indiana, and portions of Minnesota which ought to be beneficial. In fact we hardly hear of any complaints, and from the present outlook we look for very large yields. The export demand at present is not very urgent, and Argentine competition will be more keenly felt as time goes on. We look for rather lower prices.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO August 24, 1938.

It was reported today from London, and confirmed at Ottawa, that it is a foregone conclusion that a reciprocal trade treaty between the United States and the United Kingdom has practically been agreed upon. However, it will take sometime yet to arrange all the details, and, therefore, further time is bound to elapse before it will go into full effect. It is certainly of world-wide importance that the two greatest democracies arranged to come closer together commercially in this way, as repercussions in other directions, perhaps in a political way, may also follow. Such good will on both sides can only have beneficial results to mankind.

What concessions have been made on both sides are not yet known, but it never was a secret that Washington's efforts were chiefly directed toward obtaining a better market in the United Kingdom for our agricultural products, particularly wheat. At the present time, there is a discrimination of 6¢ per bu duty, which is imposed upon us while no such tariff is collected on wheat importations fromEnglish colonies. Therefore, let us hope that something has been attained in this direction, and that from now on we shall be on a better basis for exporting wheat to the United Kingdom, which is the largest importer, and undoubtedly will remain so as she can never produce more than a very small percentage of her needs.

A freer understanding between these two countries is particularly needful at this time, as in England, as well as here, business recovery is very slow. At the moment English railway stocks are selling at the lowest level since 1933, and she has a railroad problem the same as we have here. Investments in this enterprise are very large, losses are keenly felt, and any stimulation to her export business this season is badly wanted; otherwise, we cannot expect to sell her many of our products or manufactured articles. Wall Street took a very optimistic view at once, and stock prices showed a quick upturn from last night. Also our wheat market sympathetically showed some strength early, but there is such a glut of wheat in the world that we cannot expect, even if we should do a larger export business this season, much of a change in an upward direction of values, but, of course, this might come later on. So as not to have any unjustified optimism, it is necessary to remember that we raised this year 956 million bu of wheat, approximately 300 million bu more than our consumption will be, and even assuming that we should export 100 million bu, we would still increase our carryover on July next 200 million bu compared with what it was this year.

Liverpool cables were very much mixed, closing unchanged for the December future, gaining 5/8¢ per bu for October, and losing 3/8¢ for March. Foreign markets were somewhat influenced by a less favorable political situation. The fact that Italy practically acknowledged that she is sending more troops and ammunition to Spain was a disquieting feature.

Fortunately, the Southwest movement is no longer burdensome and receipts at Salina, Hutchinson, Wichita, Fort Worth, and Enid were only 121 cars compared with 55 last year. Kansas City probably had the smallest receipts so far since the crop movement started, only 108 cars versus 144 last year; and choice wheat in that market, particularly the high protein, is bringing very good premiums and the milling demand is quite fair for this time of the year.

On the other hand, new export business is absolutely flat, and we doubt whether any cargoes of hard wheat had been sold so far this week, or the latter days of last week. Evidently Canada is supplying now a large part of the needs of the importing nations, but, nevertheless, their market keeps very weak. Farmers' deliveries continue heavy, being 2,951,000 bu today. There seems to be no effort made to sustain prices artificially, and buyers are being accommodated at very reasonable prices.

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Strange as it may seem, receipts at Minneapolis and Duluth today totaled only 790 cars against 874 cars last year, when the cro was ever so much smaller, and also showing a dropping off from a wee ago when they amounted to 972 cars. Nevertheless, we assume that it will be at least two weeks before we may expect a decided dropping off in the spring wheat movement, and even after that, it will probably be on a moderate scale for the balance of the season.

The Commodity Credit Corporation made the announcement that public grain warehouses having a capacity of over 220 million bu had been approved for wheat storage under the 1938 wheat loan program, and there are further applications for country warehouses having a total capacity of 153 million bu. To us it looks, however, that it is not at all likely that much advantage will be taken of the loan plan, as so much wheat has been sold already, and the primary movement is still such that the tendency seems to be for the farmer to sell his wheat almost the same way as he always has, although on a somewhat reduced scale, considering the size of the crop.

The open interest increased again, being now 117,462,000 bu, of which 36,280,000 bu are in September wheat. In many ways we have a similar situation in the near-by future as we had last year. On the same day when the open interest was a little over 39 million bu, but it was reduced during the following six days about 19 million bu. We think we shall have a duplication of that during the remaining six days before deliveries can be made. What is entirely different now, however, is that there is plenty of contract wheat, while in 1937 the quality was so poor that much of the stocks here were not good enough for tenders on contracts. We also look forward to much heavier deliveries onSeptember first than a year ago. Therefore, have not changed our mind as to the great probability of widening of the spread between September and December wheat. Should this take place no doubt December and May wheat would follow sympathetically,as the difference between these two futures looks very small to us when it costs 5¢ per bu storage alone to carry the wheat, and the present difference is only a little over 2 1/2¢.

At the close our September and December wheat showed a decline of 2¢ per bu.

Corn receipts continue to be light, and primaries were only 495,000 bu compared with 397,000 a week ago. However, the export demand is very poor at the moment, and the nearby future suffered in consequence. There was fair strength in May corn in spite of the fine prospects. This is based mostly on the high loan price which is expected, and might mean only a moderate movement. However, since this did not work in cotton or in wheat we doubt whether corn prices can be maintained if otherwise crop prospects should remain favorable.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO August 25, 1938

Liverpool cables closed decidedly lower today, futures declining 1 3/4 to 2¢ a bu. There were many reasons for this-- Russian shipments have again been very large, and with yesterday's break in Canadian cash prices, wheat is being offered abroad at continually reduced values. However, the demand seems to be extraordinarily good compared with last year, as clearances are very heavy and so far they seem to have been well absorbed. This week Black Sea shipments were 4,224,000 bu, compared with only 2 million last season. Argentine shipments were 1,470,000 bu compared with 955,000 last year. The trouble, therefore, seems to be more with the exporting countries, (they are so eager to consummate sales that they make offers at reduced prices almost daily) and not with the importing nations, who so far have bought as much (and more) as was anticipated. The fact of the matter is that all doubts have been removed from our minds now with regard to England taking precautionary measures in case of war and is laying in very large reserves.

It is reported that the British government is now negotiating with Rumania to buy a large part of her wheat surplus and is making inquiries for storage accommodations. It is quite natural, with our depressed prices here, that Secretary of Agriculture Wallace should be anxious to obtain our share of the export business which is likely to continue at a very decent rate. We are practically out of it at the present time, which certainly seems unfortunate. Washington now reports that plans for exporting approximately 100 million bu with the aid of an export subsidy will probably be completed and announced within the next week or ten days. How it is to be done seems to remain a secret for the time being, but our long experience in the grain business has taught us that at a price wheat can always be sold, and it is just a question of how much of a loss we are willing to take to accomplish the desired result of removing at least that much of our surplus. It would be useless for us to guess just what methods will be pursued and until we know that it will also be difficult for us to have very strong opinions as to what immediate effect it will have on the price level. We know, of course, that should we export 100 million bu of wheat, either the importing or other exporting countries would be left with that extra quantity on hand at the end of the season. It will not change the world picture, as this can only come about through increased consumption or decreased production. Naturally, if other exporters suffer on account of the low price, they will be more inclined to follow suit and adopt our policy in curtailing acreages. This is the way that similar situations have been cured in the past.

We believe that even without government inducements, the low price in this country would have a tendency for farmers to sow less wheat than they did in the past two seasons. A great many hopes are based on the possibility of the 6-cent duty on wheat shipped to England being either partially or wholly removed, and while this will be of some help, this item is really not very important if other conditions could be adjusted. However, in view of Canada's desire to dispose of her wheat, we doubt whether even removing the duty would enable us to export a great deal in a natural way. Today, for instance, Canadian farmers' delivered 3,199,000 bu, and they will undoubtedly continue at a similar rate for sometime. Considering that all of North America will probably not be called upon to furnish more than four to fivemillion bu weekly, it can easily be seen that great pressure will continue for a long time.

Receipts at interior points in the Southwest were quite heavy-- Wichita, Hutchinson, Salina, Fort Worth and Enid received 177 cars versus 57 last year; Minneapolis and Duluth had 1,002 cars compared with 717 and Kansas City also had more than last season, 166 cars versus 131 cars. Nobody could have foreseen that with the loan price so much higher than the market price, the farmer would continue to

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sell his wheat at what must be considered by him to be almost ruinous prices. He evidently prefers his independence and dislikes to go through the many administrative regulations that are necessary before he can obtain a loan.

There is little to comment on the wheat crops in the Northern Hemisphere. They are practically made, both here and in Europe, but more or less attention will be paid now to weather conditions, and the crop outlook in both Argentina and Australia. So far everything looks propitious, and if nothing unforeseen happens, yields on increased acreages probably will be quite large and more than the past season. Old supplies are rather moderate. Argentina still has about 33 million bu of wheat left for export, and Australia only moderate quantities; but yet, she seems to be selling some almost daily. Also a new competitor has entered the market, and the French government is offering some wheat for export from their old security stocks.

Primary receipts of wheat continue large, chiefly owing to the heavy movement in the spring wheat territory, and amounted today to 2,407,000 bu versus 2,065,000 bu last week and 1,685,000 bu last year. Stocks at Kansas City and Minneapolis show an increase so far this week of 1,051,000 bu, and with possibly a large increase in Duluth, prospects are for another fair-sized increase in the visible supply on Monday.

Our market was very weak at times, chiefly in sympathy with Winnipeg, where the pressure is still great, but there was finally a good recovery, and at the close September wheat showed an advance of 7/8¢ a bu and December 3/4¢ compared with yesterday.

The open interest in September wheat decreased only 1,316,000 bu yesterday, and is now about 35 million bu. Do not expect the evening-up was very large today, and there are only five days left before delivery day. We have not yet changed our mind-- we believe that deliveries will be heavy on the 1st of September, and next Wednesday tenders would have to be made. This might bring about some further liquidation.

Corn receipts continue light, although larger than they were, amounting to 608,000 bu against 384,000 last week and 239,000 last year. Export demand was good today, about 700,000 to 1 million bu being worked. This despite the more severe competition from the Argentine. Crop prospects in the main are favorable, although there are some complaints from Nebraska, but with temperatures pretty near normal everywhere, we still believe that the final results will be very satisfactory to the farmer.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO August 26, 1938.

Liverpool futures showed comparatively small changes overnight, the market closing unchanged to 1/4¢ up. The March wheat is selling at 71 1/8¢, which certainly looks like a low price and discounts already a very bearish situation, when one considers that this price includes rail and ocean freights and various other expenses attached to exports from the various countries. Broomhall reports that while foreign markets were influenced sympathetically by the late strength here yesterday, there is no improvement in the demand from British millers. This shows more and more that while stocks, both in Canada and in the United States, are piling up, the outlet is still insufficient and according to the supply and demand situation, the tendency still continues downward. This particularly so as the short interest has been very largely removed on account of fears as to what effect the action of the Canadian Wheat Board will finally have on values, as well as the effect of the loan price here and the various other measures which the United States government is planning in order to help the market.

The news overnight indicates it is most unlikely that an arrangement will be effected by the United States and Canada who were working on a plan for giving each country its share of the export business. This again creates many uncertainties. Even if Canada refuses to work in harmony with us, the United States Government is still strong enough to export 100 million bu on its own account, provided she has the will to do so. This particularly so when the price will cut no figure. On the other hand, this might demoralize foreign markets a great deal more than orderly marketing, and who can tell whether Canada, Rumania, Argentina, and Australia will not adopt the same methods later on. Past experience has always shown that when sellers fight with each other, buyers have the advantage and finally, it hurts prices all around.

Sanford Evans confirms previous estimates made on the crop in the three provinces of 343 million bu, and with the wheat which has been raised in Eastern Canada, total supplies should be approximately 250 million bu more than home consumption.

Australian wheat and flour shipments this week amounted to 2,557,000 bu; Argentina cleared 1,568,000 bu, or a total from the Southern Hemisphere of over four million bu, compared with about 2,300,000 bu last year. These countries are evidently satisfied with the present crop outlook, because these shipments are very large considering the moderate amount of old wheat which is left.

Receipts at interior points in the Southwest were quite light--Fort Worth, Hutchinson, Enid, Wichita, and Salina received 136 cars, compared with 52 last year; Kansas City had 145 cars versus 156. However, the movement in our Northwest is still very heavy--Minneapolis and Duluth had 873 cars, although they had 870 cars last year when the crop was much smaller. The open interest increased again and is now practically 120 million bu. The September declined 1,407,000 bu, and is still 33,557,000 bu.

United States wheat exports up to date amount to 18 million bu, and with further engagements made already but not yet cleared, in all likelihood the total will reach 30 million bu. Even without subsidies, undoubtedly the Pacific coast will sell some more wheat during the year; so in any case there would be an export demand for about 50 million bu. It is therefore only a question of how much sacrifice it will take to get rid of 50 million bu more. However, the question remains an open one as to whether this will be sufficient to sustain values.

Primary receipts of wheat today were 2,247,000 bu versus 2,263,000 bu last week, and 2,051,000 a year ago. Stocks at Kansas City, Duluth, and Minneapolis so far this week show an increase of 5,235,000 bu; therefore, a large increase is indicated in the visible supply.

At the close our September wheat was 1/2¢ per bu lower, and the December 5/8¢.

Corn receipts continue to be extremely light--547,000 bu against 511,000 last week, and only 225,000 last year. It does not take much of an export demand, outside of the domestic one, to take care of same; therefore, there is a strong undertone to September corn, which also helps the other futures, and this in spite of the favorable crop prospects which still continue.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO August 29, 1938.

Very few traders at the moment, and justly so, form their opinions on the value of wheat on ordinary factors, such as supply and demand. The government seems to be determined to lift the price if it is at all possible, and so far they have adopted the following measures: A crop insurance agency has been started, and the premiums to be collected may be paid in bushels of wheat, which will be stored and taken out of the market. Furthermore, the government is entering the flour market from time to time. This is for relief, and ought to increase the consumption, as whenever an article doesn't cost the consumer anything it is likely to be used very liberally and much of it might be wasted. Moreover, a loan price has been established much above the current market, and while so far not many have taken advantage of this proposition, before the end of the season a certain quantity will be removed from ordinary channels, and, therefore, the burden of having it carried by the trade or by millers will be minimized to that extent.

In addition, the government is determined to export 100 million bu of wheat, with or without the cooperation of other nations, and naturally this will also temporarily relieve the whole market to the extent of the extra exports.

For next year it is contemplated to offer special inducements to all farmers who will co-operate and reduce acreages and it is their intention to have not more than 55 million acres sown. If all this does not work, possibly other plans might be tried, of which, as yet, there are no signs.

The government is also loaning at a higher price to the farmer on corn, and this no doubt will extend to the next crop, so that also from time to time, if it should succeed, any strength in corn might be imparted to wheat.

The trade also has to consider the world political situation, and in ordinary times the fact that a possible European war, while not likely, might take place, makes all Europeans nervous. At the present time nobody can tell what the dictators might do under certain circumstances, and unquestionably lots of wheat is being purchased by outsiders. With this in view, the short interest is extremely small, and the markets necessarily will be very nervous. In any normal year it would have been easy to predict a big bull market, but the supply situation is so overwhelmingly bearish that it served so far as an offset against all the efforts taken to lift prices; and advances from the very lowest point have been extremely small.

World shipments this week were again very large --12,414,000 bu versus 7,818,000 bu last year. The amount on passage is almost double of last season, being 40,256,000 bu against 20,288,000 bu. With foreigners being fully conversant that every export country is making the greatest efforts to get rid of her supplies, European merchants are not buying wheat on such a scale; therefore, the assumption must be that governments are accumulating it heavily. It was reported today that an English merchant purchased 14 million bu of wheat from Rumania. We doubt if any concern is big enough to make such a transaction for its own account; consequently, we suppose it was acquired by the English government for war reserves. Possibly also for political reasons, as Rumania is on the fence with whom to side, and this will make her less dependent upon Germany for the outlet of her grains.

So far the Federal Surplus Commodities Corporation has purchased only 35,000 bu of wheat under the export plan. This small amount all came from the Pacific coast. There are many reasons why owners of wheat have not made many attractive offers up to the present time. They could not afford to take the chance, as offers had to be made at a flat price overnight, and nobody could tell what the opening on

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futures would be the next day. This is all likely to be changed, and a meeting is taking place at Washington today. Cooperation is being sought, and millers and representatives of the various markets have been invited to participate in the discussions. It is impossibl as yet to predict what new methods will be adopted to obtain the desired results.

Liverpool cables closed stronger --1/4 to 3/8¢ per bu higher tha Saturday. The feeling over there naturally prevails that with competition among sellers becoming more keen, purchases might be made to better advantage later, and for the present, the Liverpool market and ours may not always work exactly the same.

There is a big movement going on in Winnipeg and receipts were 2,600 cars, which is a very large quantity, considering that very little wheat was supposed to be worked overnight.

The open interest continues to increase, and is now a little over 121 million bu. The September wheat is only being liquidated slowly, having decreased 1,543,000 bu, and is now 30,641,000 bu. This is a very large quantity, considering that all longs who do not liquidate by tomorrow will be faced with tenders the last day of the month, or on Wednesday. The reason so many are holding on at the present time, we believe, is due to the fact that they are in hopes the government might take some wheat out of Chicago, but we do not share in this belief. The fact that so far they have only wanted offers for acceptance on the very choicest wheat leads us to believe that they may have received intimation from England that this is the type which is wanted.

Primary receipts are large --2,962,000 bu compared with 2,441,000 bu last year, and somewhat less than last week when they were 3,272,000 bu. The visible supply shows an increase of 6,384,000 bu, and as we predicted, as long as the movement in the Northwest continues to be so large, these increases will continue, although probably on a smaller scale from now on.

At the close our market showed a decline of 1¢ per bu for the September wheat, and 7/8¢ for the December.

Corn receipts are somewhat larger, but not big yet by any means; primaries were 623,000 bu compared with 793,000 bu a week ago, and 292,000 bu a year ago.

Regarding the loan price on the new corn crop, it should be fully understood that loans shall only be made to cooperators in commercial corn-producing areas at the full rate. The acreage in this area was about 41 million acres allotted, and according to present dispatches only 60 to 65% of the farmers cooperated. Loans shall also be made to cooperators outside of the commercial corn-producing areas at 75% of the full rate. Inasmuch as the total acreage reported was 92 million , it is quite evident that a large part of the corn which will be raised this coming season is not subject to the full loan price.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO August 30, 1938.

Newspapers carried big headlines again today, discussing in a serious manner possibilities of a European war. If one is easily scared and in a pessimistic frame of mind, he could see how such a dreadful catastrophe might occur any minute. As a matter of fact, there had been no big European wars since Napoleon's downfall, until the World War, or from 1812 to 1914, except a short war lasting about four months between France and Germany, in which no other large nation became involved. Of course, there were many minor ones, particularly in the Balkan States, but they cannot compare with what is happening in the East now, or if we were to include civil wars, the terrible destruction in Spain. In the meantime, however, there were possibly 50 to 100 serious war scares at various times. With more at stake now, and with the great efforts which are being made to prevent war, it is still most likely, and hoped, that it may be averted.

If we interpret the various newspaper reports correctly, Mussolini seems to be very lukewarm at the present time, so that Germany cannot be 100 per cent sure of his support. Furthermore, the German generals, who are mostly of the old Prussian type, would hardly encourage a war, which they could not be sure that they would win. Also with Russia, England, and France on the other side, their opposition certainly would be great. Of course, we thoroughly appreciate the futility of analogies drawn between the past and the present, but, nevertheless, we feel that Hitler would not dare to invade Czechoslovakia, if he had to figure on not having the thorough cooperation at home, and furthermore very strenuous opposition abroad.

This, after all, must be the consensus abroad, as well as here, because the stock market recovered some of yesterday's decline, and wheat was again lower for the second day in succession. It would be almost a certainty that wheat prices would advance very sharply should we be confronted suddenly with a declaration of war between several of the great nations, but evidently of those who have something to risk, there are not many venturing to bet on that side.

Of course, as far as wheat is concerned, the whole problem at the moment is so complex that even those who have an excellent background of the past must to a certain extent forget now what they have learned, and take an entirely new perspective. For instance, just now Winnipeg futures are selling at a discount under Chicago. This is something which had not been seen for many years, and at times they sold at tremendous premiums. Their wheat is of very choice quality , and bringing considerably higher prices at all competing markets. English millers particularly are in the habit of using it, and when necessary they even pay fancy prices for same.

The reason for this is very plain. The Canadian Wheat Board at the present time is paying perhaps 15 to 17¢ above the futures price to the farmer, and trying to sell the cash wheat to exporters the best they can; this, of course, without depressing the market more than is necessary. Our government is subsidizing wheat exports and doing practically the same one way or another. Rumania and Poland are paying big subsidies on export wheat; Australia, which has very little old wheat left, with harvest for the new crop about three months away, is already contemplating a plan to follow suit. Consequently, with governments competing with each other for the sale of wheat which was raised this year, there is almost only one safe prediction: namely, that the consumers abroad will get the benefit of it, and that foreign markets are bound to suffer to a large extent.

We feel, therefore, that finally the Liverpool market is likely to decline very sharply; and then after that occurs the question will arise: What will the repercussions be in this country? When all has been accomplished that is intended, there can be but one final solution: namely, the necessity of growing less, and gradually getting rid of our surplus. There will be no inducements next year for the

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Canadian farmer to reduce his acreage, as long as the government pays him what he considers a satisfactory price. This refers to all other exporting countries, with the exception of the United States, which has adopted a different and saner policy: that is, only paying the farmer provided he will grow less in another year. But the trade, under the circumstances, is more or less puzzled as to where it will all end.

At the present time the primary movement is still big--2,284,000 bu compared with 2,085,000 bu a year ago, and the open interest is still increasing, being now almost 122 million bu. New buyers will have to be found right along until the big spring wheat movement subsides. Receipts in the Southwest are also heavier than last year, and Wichita, Hutchinson, Salina, Fort Worth, and Enid received 91 cars against 80 a year ago. However, some of the termina markets commence to receive very little. St. Louis had only 12 cars versus 30 a year ago, and Kansas City 63 against 138. The open interest in September wheat declined yesterday about 2 million bu, and is now 28,691,000 bu.

Tomorrow tenders may be made for deliveries on September 1st, and it would be our guess that deliveries will be about 3 million bu. We ourselves find the milling demand very poor at the present time, although the wheat which we own in our elevators in the Southwest is of very choice quality, and such that will always be in good demand whenever the flour business is satisfactory. We, therefore, hardly believe that millers, exporters, or others, will be anxious to pay for the wheat which might be delivered, and we are looking forward to a much wider difference between September and December, and whenever that happens sympathetically December and May wheat are likely to widen also.

Canadian country marketings were extremely heavy, being 4,823,000 bu. This naturally depressed the Winnipeg market, and ours followed suit. September wheat declined 1 1/8¢ per bu, and the December 7/8¢, compared with yesterday.

The corn movement continues to be light --681,600 bu versus 569,000 a week ago, and there is no pressure of old corn, which seems to have been absorbed very well up to date. However, we cannot help being impressed with the wonderful crop prospects. Later on there is bound to be a tremendous movement of new corn, with less prospects of as large an export business as we had the past season.

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CHICAGO MERCANTILE EX.

CHICAGO August 31, 1938.

We doubt whether the political situation abroad was much of a factor today either in Wall Street Stocks, or in commodities. Certainly further wheat declines here early, and abroad at the close did not show any particular anxiety to accumulate wheat for extra reserves in case of a conflagration. However other bearish conditions were probably largely influential..

As far as Wall Street stocks were concerned, the trade was so light that it was quite evident neither buyers nor sellers have very positive opinions; therefore, no cause for any change in their holdings.

Enormous amounts of gold are arriving in this country again, and much more than is wanted. This is partly attributed to fears abroad, capitalists trying to find a safe place for their possessions. However, there are other strong underlying conditions causing the steady influx of gold, which during this month is probably the greatest so far this year, and must be attributed to the overwhelming overproduction, the same as we have in wheat. Inasmuch as the world easily produces $1 billion more gold than is wanted for arts and other purposes, it is bound to find a resting place with the various reserve banks in Europe or here. Very few of the banks abroad can afford to buy it, therefore, as long as we pay $35.00 per ounce it is likely to continue to come to the United States, the same as it has done since our dollar was devalued. This gold, of course, is acquired with borrowed money, and it is immaterial whether it is paid for out of funds which the Treasurer possesses, or whether gold notes are issued against same. The United States itself has no money with which to buy the gold; consequently, our debt is bound to increase. For a long time this process has caused great fears of inflation, but actual experience has shown that the danger is not immediate, and whatever is further removed does not ordinarily affect the public, who are not thoroughly posted on this subject. Inflation, as a rule, only starts to work when the fear complex has arrived, and everybody tries to buy commodities, real estate, or other intangibles rather than have bank deposits.

The fact that negotiations are still continuing with the Prague government, and that stocks in Germany are very strong, advances in price ranging up to 4 points, is rather reassuring. No doubt for a while further tension will prevail, at least until the question of the minorities of Czechoslovakia's population is finally settled one way or another. However, the firm stand which has been taken by England leads us to believe that no rash action will be taken by Hitler's government.

The United States government now seems to be regularly in the export business. The Federal Surplus Commodity Corporation made additional purchases; so far they have acquired 1,530,000 bu of wheat, and sold 1,400,000 bu to exporters to fill wants in the world's market.

This was the offical report, but since then we know that further purchases have been made, and naturally hedges have to be removed.

This caused greater strength in our market during the last hour, after early declines. The September and December futures closed at an advance of 1/4¢ per bu.

Naturally every extra bushel of wheat we export will be at the expense ofother exporting nations, and in our opinion, Canada will be the greatest sufferer, because there is no other country which has as much wheat to sell as she has. This,particularly so as late reports are extremely favorable as to the final yields, and the crop may be even larger than had been previously estimated. In the long run, of course, it will be impossible for us to have a very strong market or

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advancing prices as long as Liverpooland Winnipeg do not follow. But from day to day much will depend upon how much is being bought by the Government agencies, as an equal amount of hedges will have to be removed, which gives a strong undertone occasionally.

Receipts in the Southwest remain quite big: Wichita, Hutchinson, Salina, Fort Worth, and Enid received 127 cars compared with 53 last year. Minneapolis and Duluth had 872 cars, while they received 625 last year. Total primary receipts were 2,220,000 bu vs 2,241,000 bu last week, and 1,845,000 bu a year ago. Stocks so far this week at Kansas City and Minneapolis show an increase of 956,000 bu. Therefore, we are looking forward to another increase in the visible supply on Monday.

The open interest in wheat decreased yesterday 1,238,000 bu, evidently there being heavy liquidation in September wheat, as the open position in that future was reduced by 4,107,000 bu, and is still 24,584,000 bu. We understand that about 3 1/2 million bu of wheat had been tendered today, but so far there is no appreciable change in the difference between September and December wheat. A great many still hope that the government might buy some of this #2 yellow hard wheat, but we doubt whether it can be sold abroad except at great sacrifices, and would probably require a larger subsidy than the wheat in the Southwest which is in better demand.

Corn receipts were rather light --473,000 bu compared with 495,000 bu a week ago, and 86,000 bu the previous year. There were no tenders of September corn, also we did not hear of much export business. The Southwest had very good rains, and prospects continue to be mainly satisfactory, but nevertheless the undertone was quite firm, and there is no great pressure at the present time.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 1, 1938.

Despite the very low wheat prices prevailing all over the world at the present time, the outlook is so confusing that any prophecies about the future are almost impossible. Very seldom a situation existed which defied analysis, such as now. In former years we would reason as follows: According to the latest report of the U. S. Department of Agriculture, the estimated world production this year is about 420 million bu more than the crop of last year, which then was sufficient for all needs --in fact, it exceeded the demand, thus increasing the carryover stocks. So on that basis on August 1st, 1939, there ought to be at least that quantity added to our surplus. It is true that consumption may be somewhat larger, but on the other hand, probably there was a gain of about 75 million bu to last year's stocks. Consequently, from a standpoint of supply and demand low prices are justified, and it would even have been thinkable that we might reach the depths of 1932-33, which period was positively ruinous to farmers all over the world.

It needs no explanation that there can be no prosperity anywhere when agricultural conditions are so bad. In this country there are about 6 million farms, probably supporting 30 million people, and in addition directly another 20 million people in farming districts are affected; so directly a very large part of the population is immediately concerned. There is also no use in dwelling upon the fact of how the consumption of everything is instantly reduced when farm income is poor; and, therefore, directly or indirectly, nobody can escape the consequences, and it leads to reduced incomes all around.

In view of this, it is quite natural that all governments should feel their responsibility, and make every effort possible to bridge the situation until this condition is rectified. Finally, nothing will do it except reduced acreages, and the United States has taken the first step to bring this about. An acreage of 55 million acres is contemplated, but it is too early to tell whether farmers in general will participate in the acreage adjustment program; but in any case, even without government inducements the very low price would lead to a great reduction in sowings, so we may look forward to much smaller yields in this country next year, under all circumstances.

In the meantime, efforts are being made here to do all that can be done to lift prices, but like everything in life,every action has its reaction, and while government purchases and subsidizing of exports should strengthen the market here, they depress it abroad. This again has its reaction in Canada, and lowering of prices in other countries have a sentimental effect here, and again make it difficult to boost values. Almost every day new low prices are being registered at Winnipeg. This is quite natural as Canadian marketings continue extremely heavy, and farmers' deliveries yesterday were 5,436,000 bu. Considering that the average weekly consumption in the United Kingdom is only about 4 1/2 million bu, and that they receive wheat from so many other places, it is easy to be seen that Canada will be burdened with tremendous accumulations. Of course, there are other outlets, but we just mention England because she is the foremost buyer, and takes almost 40 to 45 per cent of all the wheat needed by importing countries. Many of the other countries are getting their supplies from the Balkan states, Russia, etc.

Today's closing prices at Liverpool were again 3/4 to 1¢ a bu lower, although we had a sharp bulge yesterday after they had closed.

Argentine shipments are 1,249,000 bu compared with 1,023,000 bu last year. Now, of course, there can be no export business, except sales which are being made on subsidized wheat; but evidently little had been done overnight from this quarter, as yesterday's sales were reported to be 1,400,000 bu, and today's totals

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amount to 1,532,000 bu, or only about 132,000 bu overnight. Russia still continues to be a factor, and clearances for the week, while somewhat less than the previous one, amount to 2,368,000 bu. India shipped only 328,000 bu, and other Black sea countries 144,000 bu. However, as the crops were tremendous, and much larger than last season in all countries adjacent to the Black sea, such as Rumania, Czechoslovakia and Hungary, we expect very heavy clearances from Black sea ports very shortly to come into competition with all others Then again it should not be overlooked that the exporting countries in the Northern Hemisphere usually have their best season before January 1st, and before the Southern Hemisphere brings their wheat cr to market.

We had a private cable from Australia estimating prospects at 198 million bu, and stating that conditions were excellent. This would be about 10 million bu larger than last year's crop, and the Argentine also has a very fine promise; so it would be easy for the Southern Hemisphere to supply the world with about 250 million bu, after supplying all their own home requirements.

Primary receipts today were 2,137,000 bu compared with 2,407,000 bu last week, and 1,640,000 bu last year. So far the effect of the loan price has not been felt very much, but a great deal of wheat in the Northwest is going into store without being sold, and may finally be owned by government agencies. Stocks at Kansas City a Minneapolis so far this week have increased 1,345,000 bu. The open interest declined yesterday 1,257,000 bu, and possibly some of the September longs liquidated without replacing their lines. The September interest was reduced yesterday by 6,033,000 bu, and the open position of that future is now 18,551,000 bu. There were further redeliveries made today, and it looks as if both sides, the longs as well as hedgers or shorts, are willing to change to deferred months at prevailing differences.

At the close September wheat showed a decline of 3/8¢ per bu, and the December 5/8¢.

Corn receipts continue to be light, primaries being 690,000 bu versus 608,000 the previous week. The demand is also poor. It is generally assumed that the crop has deteriorated some, but it will still be a very large one. The next government report probably will show a fair reduction compared with the August estimate. We still believe that when new corn commences to move freely it will be disposed of at lower prices.

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CHICAGO MERCANTILE EX.

CHICAGO September 2, 1938.

The political situation looks much more cheerful today. It has been denied that Hitler had rejected proposals of the Czechoslovak government, and Germany has assured Great Britain that she will not undertake any over-hasty steps in settlement of the Czechoslovak minority problem. This affected stock markets favorably everywhere, and even the Berlin market was firm, although not much higher.

The International Institute of Agriculture at Rome estimates European wheat production, excluding Russia, at approximately 185 million bu greater than that of 1937, and production in the exporting countries, such as Rumania, Hungary, and Jugoslavia, is particularly large. In retrospect it is plain now that turn of the tide seems to have been reached in the 1937-38 season. It revealed the fundamental weakness of the entire wheat position; the steady decline in import requirements of the chief deficiency countries and the excessive acreage sown with wheat. For some time this weakness has been obscured by a series of unprecedented crop failures. But this year, judging from recent crop reports, the position will appear in its true light. With much more wheat available than is needed, it is only natural that governments are taking a hand in the matter. In addition to the steps that have been taken by various countries, it is now claimed Australia is considering a plan whereby all the wheat delivered by the farmers would be pooled. The marketing of this wheat would be entrusted to a board comprised of independent men.

Furthermore, an international agreement on wheat is being sought, and an International Wheat Advisory Committee will probably be called into session this Fall in a determined attempt to pave the way for formal negotiations aiming at a production and marketing agreement between the major wheat producing nations. However, this will not be of much help for this season's raisings. Our own government is doing all that is possible and they continue to buy wheat daily with the intention of exporting it, although this can only be done under a subsidy. The hedges on this wheat have to be removed, and this has given us a steadiness preventing further declines, but it seems difficult to boost values; therefore, these purchases will have to continue; otherwise, chances are wheat will fall of its own weight. It is reported that so far the Federal Surplus Commodity Corporation purchased up to date 2,955,803, bu, and total sales amounted to 1,625,997 bu. The sales overnight have been very small, but new purchases have been made by the Corporation today.

The trouble seems to be that prospective buyers in Europe feel that so long as there is such anxiety on part of the United States to sell wheat, there is no chance for it to advance; consequently, millers feel they can lose nothing by waiting, and might gain a great deal as gradually more concessions might be made. This has the tendency to weaken European markets, and Liverpool showed another decline on the various futures of 5/8 to 1 1/4¢. We understand that practically all the wheat which has been purchased by government agencies was Southwestern hard, and Pacific Coast wheat, but today an announcement was made that from now on the wheat purchase plan has been extended to include all types and grades of wheat for which there is an export demand. This led to renewed hope that possibly some of the Chicago No.2 yellow hard wheat might be shipped out from here, thus causing anxiety to shorts, and spreaders covered their September wheat, this future being comparatively strong during most of the session. The open interest in September wheat by deliveries and purchases was reduced 6,324,000 bu and is now 12,227,000 bu, and formidable deliveries do not seem likely.

In the meantime, crop prospects in the Southern Hemisphere are very favorable. The Argentine government issued a report yesterday to the effect that weather during August was favorable to complete seeding of small grains, and that the wheat outlook in general is very good. Canadian business still remains extremely light, Winnipeg

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reporting only 500,000 bu sold for export, while farmers' deliveries were again 4,740,000 bu, and we are anticipating a tremendous increase in stocks there right along. In addition, Argentina is still clearing fair quantities of her old wheat --1,437,000 bu compared with 1,023,000 bu last year, and Australia shipped 2,156,000 bu versus 2,557,000 bu last year. Since December 1st, Australia exported almost 120,million bu, or 30 million bu more than in 1937, and with an increased acreage and good prospects, she may do even better next year, provided she can find a market.

Receipts in our Northwest are still large --765 cars versus 661 cars last year, but with a very much larger crop, we assume a great deal of wheat is being stored and may finally be acquired by government agencies through loans. Primary receipts were 1,963,000 bu today, compared with 2,247,000 bu a week ago, and 1,602,000 bu a year ago.

The trade is very uncertain as to what to do --on the one hand, it looks for lower prices due to the large supplies, but on the other hand, whenever hedges have to be taken off in large quantities, the market firms up. Taking a long-time view, the actual supply and demand situation indicates lower prices, but on the other hand, should the acreage next year be largely reduced, the picture might be different a year hence; however, it will take a great deal of patience to wait for that.

At the close, our market showed a decline of 1/4¢ per bu.

All private crop estimates on corn are out now, and the average is 2,458 million bu, compared with the government estimate a month ago of 2,566 million bu, and the final crop in 1937 of 2,645 million bu. We think, with the large carryover, this will be too much corn to look for higher prices, particularly as we do not expect much export demand next season.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 6, 1938.

Great political tension continued over the holidays in Europe. However, a more favorable view is taken on account of the new Czech proposals on the Sudeten question, with expectations that these might lead to further negotiations and finally solve the disputed questions without war. The London stock market showed a slightly better trend, cotton was weaker and wheat had a sharp decline, all of which could not have happened if the consensus would be that war was near at hand or inevitable. Liverpool wheat cables showed a very severe decline, futures losing 5/8 to 3 1/8¢, the latter on the nearby delivery: namely, October.

World shipments were again larger than last year, 10,624,000 bu versus 6,647,000 bu, strengthening our belief that importing nations this year will buy a great deal more than last, despite the heavy European crops, as they will not wish to be caught without plentiful supplies in case of a conflagration. This, we believe, will be the permanent policy abroad. The amount on passage is also very heavy, 39,584,000 bu compared with 20,048,000 bu last year. The fact that the United States, as well as Canada, is trying her utmost to sell wheat abroad before the Southern Hemisphere comes into competition, has a demoralizing effect abroad; and the bigger the subsidies, the more restrictive measures will be taken by some of the countries on the Continent.

We have a letter from abroad dated August 29th, in which they state that Denmark prohibited imports of wheat and rye; Switzerland raised the duty on feedstuffs and feed wheat; and Holland increased the duty on wheat only recently. We, therefore, can easily understand a statement from Washington that there is a possibility that Secretary Wallace may have to revise his present wheat export subsidy program, unless a new foreign demand appears within a few weeks. This question of a revision has arisen as a result of the surprisingly small demand abroad for American subsidized wheats. Purchases by government agencies up to date amount to 5,968,870 bu, and sales only 1,849,597. There were no new sales for export reported overnight. Total overseas' exports of United States wheat and flour from July 1st to August 30th were 21,972,000 bu. We are convinced that at least 8 million bu more have been sold but not yet shipped, so the first 30 million bu out of the 100 million bu to be exported would be taken care of during the first three months of the year, but it would still require monthly exports of about 8 million bu for the remaining nine months.

We hardly remember a year when conditions for disposing of large quantities of wheat across the ocean were as difficult as now. Not only has Europe raised supplies very much in excess of the normal, but every other exporting country has been favored by Nature, and yields generally were very large, so that total supplies of wheat are way in excess of requirements. Whatever may be done, there is little dispute about the fact that next July the world will have a carryover of about 500 million bu more than on July 1st, 1938; and it is only a question what countries will be forced to cary the load. Could we be sure that the picture would change next season, of course, it would be no sacrifice, as the price is so low that ordinarily speculators everywhere would be willing to make investments at this level. However, to expect favorable returns from a transaction of this kind might require a great deal of patience, as the effects of a reduced acreage and possible reduced yields, if the weather should be more unfavorable, will not be effective until after the turn of the year. Past experience has shown that whenever wheat production becomes unremunerative, soil will be neglected, acreages will be reduced, and in this way adjustments have usually taken place. We have more confidence that the solution will come about in this way than we have in the fact that another conference in England probably will take place for the various governments to come to some agreement. As a rule it takes only one or two objectors to spoil such a plan.

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The weakness abroad was immediately felt at Winnipeg, where new low records were made, and, of course, we could not escape this either, and at the close both the September and the December wheat showed declines of 2 1/8¢ per bu compared with Saturday.

Receipts in the Southwest continue surprisingly large, Wichita, Hutchinson, Salina, Fort Worth, Amarillo and Enid receiving 366 cars compared with 118 last year. Considering the much higher loan price, it certainly seems strange that not more farmers take advantag of handling their wheat through government agencies.

Primary receipts today were 2,310,000 bu versus 2,284,000 bu a year ago. The visible supply of wheat increased 5,973,000 bu, a trifle more than last year when the gain was 5,253,000 bu. The total is now about 120,000,000 bu, about 8 1/2 million bu less than the same period in 1937, but as farmers' stocks are probably very much larger than this time a year ago, we assume that finally the visible supply will end up larger than last year.

The corn market held quite firm considering the weakness in wheat; there was another decrease in the visible supply, amounting to 725,000 bu; at the present time there is no great pressure, but believe this will come when the new crop starts to move in volume.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 7, 1938.

Without any important overnight changes as affecting wheat values, a more confident feeling prevailed this morning after new low levels of prices had been established. Taking it for granted that the supply and demand situation is very bearish, the question naturally arises, "What price will discount the situation"? Furthermore, it is reasonable to expect that acreages next year will be considerably smaller. To what extent farmers will comply with the recommendations of the Department of Agriculture in this country still remains doubtful. The largest winter wheat state is Kansas, and government allotments for their 1938 plantings are extremely drastic in at least some counties. The maximum percentage of decreases in acreages demanded of 25 counties in the Northeast and East Central parts of Kansas is about 61 per cent, and for 14 counties in the Southwest, 52 per cent.

We, ourselves, cannot see how any farmer, even with the extra checks he will receive on what he grows, can benefit by complying with the suggested decrease in acreages where it is so extreme. Of course, the percentage of reduction is much smaller in other parts, but we have our great doubts if under the circumstances the contemplated acreage will be reduced to 55 million acres, and probably will be considerably larger, but still a great help to the adjustment compared with last year when around 80 million acres of combined spring and winter wheat were sown. Nevertheless, we may take it for granted that with the low prices prevailing all the world over there will be less inducement to sow wheat the coming season, although those governments which continue to pay high prices to the farmer, regardless of conditions, are not helping the matter any. We presume that the Canadian farmer, for instance, with large yields per acre this season, will be very well satisfied with the outcome.

As time goes on traders and speculators will try to forget the past and prepare themselves for events tocome next season, particularly should we have more than ordinary crop scares. Could one be sure of that the present price of May wheat might then be attractive; but naturally it might be a long time to wait.

We do not think that the political situation abroad had any influence on sentiment today, and as a matter of fact, there has been no great change in the outlook; but the majority of people still work on the assumption that there will be no war.

The FSCC reports only very small sales overnight, 19,000 bu, and as an immediate help to the market nothing would be more desirable than a larger export business. This would encourage the Corporation to make further purchases, in which case hedges would have to be removed, and this would be a stimulation all around. However, nobody need be surprised that Europe has been a reluctant buyer of late, because selling prices had been reduced almost daily by both the United States and Canadian exporters. With a firmer market here today they might be more encouraged to replenish stocks at what ordinarily would be considered a very attractive price. This particularly so with the large subsidies which are being offered.

At the present time the movement in Canada is tremendous. Farmers' deliveries for seven days ending September 2nd were 29,101,000 bu compared with 12,580,000 bu last year. It is, therefore, not surprising that stocks are piling up at the fastest pace in the history of the great grain growing section in Canada. The visible supply yesterday showed an increase of 28 million bu, which in itself is a record weekly increase; and the total is now 66,091,000 bu. It is quite evident, however, these large receipts cannot continue for a long time, as at the rate wheat is moving to centers it would exhaust the crop raised in a few months. We presume the Canadian Wheat Board will be fully able to take care of this situation, as they have twelve months' time to sell the wheat, the bulk of which is likely to be sold by farmers in three or four months.

(O V E R)

Liverpool cables were very weak before our session opened, but there was some improvement before the close, and the net decline amounted to 3/4 to 1¢per bu. When it is considered that their March wheat is selling at 66 3/4¢, with freight and other expenses included and considering that our wheat pays about 6¢ a bu duty, it certainly is an attractive price, at least from the point of view that while we have had lower prices in previous years at times, they never stayed there for long periods.

Country marketings in Canada were 8,960,000 bu versus 1,965,000 bu last year. Receipts at interior points in the Southwest are fair considering everything, and larger than last season: Wichita, Hutchinson, Salina, Fort Worth, and Enid received 108 cars against 64 a year ago. Kansas City had 65 cars against 82 in 1937. The movement in the Northwest is getting lighter --Minneapolis and Duluth had only 345 cars compared with 189 a year ago. Primary receipts today were 1,966,000 bu, a falling off from last week when they amount to 2,220,000 bu; a year ago they were 1,339,000 bu. Stocks so far this week at Minneapolis increased 890,000 bu, while in Kansas City they decreased 96,000 bu for two days.

As far as we can learn there has been very little wheat shipped out of this market which had been tendered on contracts, and the amount of #2 yellow hard wheat which is still in elevators here is about 4,480,000 bu; there may be more in private elevators. We, therefore, feel that if a large part of this wheat remains here until about the first of December we may see a better carrying charge between December and May wheat.

At the close our September wheat showed an advance of 3/4¢ per bu, and the December 1/2¢.

The corn market was quite strong in spite of much lower prices reported from Argentina, and we are likely to feel competition from that country more keenly from now on. At the present time, the export business is very dull, but there is no great pressure, and of course this will not come until the new crop starts to move in earnest.

About three-quarters of an hour before the close London reported that the Sudeten Germans had accepted the Czech government plans as a basis of negotiation. This immediately caused great strength in the stock market, but had very little effect on wheat prices.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO Sept. 8, 1938.

From the many contradictory reports which are being received from Europe, either through newspapers here or through other sources, it is very difficult for any layman to arrive at logical conclusions as to how matters stand at the present time. However, it is quite evident that tension still exists, yet the consensus is that there will be no immediate European war; otherwise, values on various stock exchanges or on commodities would be affected more than they have been. Calm seems to prevail everywhere, and as a matter of fact, grain prices which are easily influenced by war scares, have not been affected much by the political situation. Of course, one might reason that so far as wheat is concerned the actual situation is so extraordinarily bearish, and supplies all over Europe so abundant, that even with a war, prices would not advance much; at least not in the early stage as they did in 1914. Later on, with manpower becoming scarcer, land neglected, some of it being occupied and not cultivated, it would be a different story.

The chief new item today, which in our opinion is quite influential, was the heavy shipments again from Russia and which amounted to 3,960,000 bu. We also understand that Russian wheat is being offered in England for considerably less money than either Manitobas or United States varieties of the same quality. Russia has shipped 18,800,000 bu wheat since August 1st, and possibly 23 or 24 million bu during the season starting July 1st, which is practically half as much as they cleared during the twelve months of last season. Considering that at various times we heard of cheap offers from Russia, a great deal more must have been contracted for but has not left that country. Furthermore, when it is considered that Argentina this week cleared 919,000 bu, and with the smaller shipments from India and Black Sea ports, together with perhaps one or two million bu from Australia, it would take very little from all of North America to make up the approximate 10 million bu which are the weekly requirements of importing nations.

Therefore, it is not at all surprising that export business at the present time from the U. S., even with the subsidy, is very small, and it is most difficult to obtain satisfactory bids. Possibly Europe is under the erroneous impression that both Canada and the U. S. will finally sell their wheat at any price, but we do not feel this will be the case, and whenever they find out there is a limit at which purchases over here can be made, they may decide to enter the market more freely. Nevertheless, it looks as if during this crop season this will continue to be a buyer's market, and the seller is put at a decided disadvantage. This particularly so as the crop prospects in Argentina continue to be extremely favorable, and while it is a long way off until the crop is made, harvested, and ready to be shipped, nevertheless, it has been our experience that sales from that country are usually made way ahead in anticipation of the actual movement. In fact, we occasionally hear of cheap Argentine offers for new wheat at this time of the year.

It is reported today that the AAA will discontinue the daily publication of wheat export statistics. However, officials said they will report transactions at regular intervals --probably once a week. Therefore, we are unable to advise whether any new export business was done overnight, but from the very pessimistic reports from abroad, and not receiving any bids ourselves, we are inclined to believe it was a rather poor day for selling wheat, but as mentioned, this might change at any moment.

The movement in the Southwest is keeping up reasonably well and Wichita, Hutchinson, Enid, Salina, and Fort Worth received 161 cars, compared with 73 a year ago. However, Kansas City had only 47 cars versus 105. The movement in the Northwest shows a sharp dropping-off, but this is usually the case after Labor Day. Minneapolis and Duluth, in spite of the much larger crop in the spring wheat territory,

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received only 470 cars, compared with 885 a week ago, and 466 a year ago. This caused the strength in the Minneapolis market, compared with all others, and at times the gain in Minneapolis futures was a great help to prices here.

Liverpool futures paid no attention to our late strength here yesterday, and they were unchanged to about 3/8¢ lower. They made new lows again yesterday, having established new lows every day since August 30th --7 consecutive trading days.

Exports of wheat from the United States for the week ended September 3rd, totaled 1,832,000 bu, and at this rate we assume the United States will have sold and cleared perhaps 30 million bu by the end of the month. What will happen afterwards is the problem, and much will depend upon the desire of other exporting countries to dispose of their surpluses, and whether we shall be able to compete with them without too much sacrifice.

Canadian marketings were again very heavy today-- 6,811,000 bu and from August 1st to September 6th, they amounted to 71,562,000 bu compared with 31,114,000 bu during the same period last year. There is no inducement for the Canadian farmer to hold his wheat as the price of 80¢ at terminal points is likely to be the same all year, that price being guaranteed by the Canadian government, and it is not likely it will exceed that unless something entirely unforeseen should happen in the wheat world.

Primary receipts are getting considerably lighter, being 1,271,000 bu today versus 2,137,000 bu last week, and 1,541,000 bu a year ago. Stocks at Minneapolis so far this week show an increase of 1,215,000 bu, while Kansas City decreased 166,000 bu. We expect only a very moderate increase in the visible supply on Monday.

At the close September wheat had declined 1/2¢ per bu, and the December 1 1/8¢ per bu compared with yesterday.

Corn receipts are extremely light, primaries being only 232,000 bu against 690,000 bu a week ago. Therefore, there is no pressure, and in spite of the fine prospects the decline in wheat held corn comparatively steady.

UHLMANN GRAIN CO

DAILY MARKET LETTER

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TELEPHONE HARRISON 6282
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CHICAGO MERCANTILE EX.

CHICAGO Sept. 9, 1938.

Liverpool futures closed 1 5/8 to 1 3/4¢ higher than yesterday. This is the first recovery after seven days of steady declines. The action of North American markets yesterday was entirely ignored, and it was claimed there was a sharp rally after the opening, prompted by the disturbing political situation. However, we can easily imagine that shorts might have discovered many other good reasons why it might not be advisable to stay on that side of the market. After all, 68¢ for March wheat, taking into consideration reasonably high ocean freights which still prevail, together with all the other expenses attached, will net very poor prices to the farmers of the exporting countries. Furthermore, the smaller shipments from the Southern Hemisphere were somewhat disappointing, and were a contributing factor to the strength.

Nevertheless, high tension still exists in Europe and this will last at least until Hitler makes his speech on foreign policy next Monday. In the meantime, there are all kinds of rumors --some more reassuring, others very disturbing. It seems England continues with her peace efforts, on one side making new representations to the German government on the Czech minority dispute, and on the other exerting all its power on the Prague government to make the necessary concessions so as to avoid war. Clashes continue between the Czechs and the Sudetens, and the question arises as to whether or not such incidents are organized and forerunners of German intervention, as was the case in Austria. Therefore, the international situation still remains very perplexing and uncertain.

Our traders, as well as those in Winnipeg, were also in the mood to act on any constructive news. The feeling had prevailed for sometime that in spite of large supplies, there must be a limit to declines and that wheat cannot be entirely valueless. Therefore, our market opened about 1¢ higher, and Canada the same, or perhaps even a little better, despite continued large deliveries by farmers and the steady accumulations of stocks. Wheat receipts in the Prairie Provinces for the week ended September 2nd amounted to 24,853,649 bu, compared with 11,788,675 bu for the corresponding week a year ago. The Winnipeg Free Press estimates the western wheat crop at 325 million bu, which does not vary a great deal from the generally accepted view as to yields, but including the eastern part, it looks as though Canada will have almost 200 million bu to spare for export this year, less any additional quantities she may wish to carry into the next season.

Argentine shipments this week were only 768,000 bu compared with 893,000 last year, but the visible supply is over nine million bu, while it was reduced last season to four million bu; therefore, it is quite evident that clearances from now on, so far as the old crop is concerned, are likely to be larger compared with last season.

Australian wheat and flour shipments were 1,450,000 bu compared with 942,000 bu last year, and so far that country has shipped about 31 million bu more than a year ago. The prospects are that next season's crop might yield as much, or more, than the past one, so in three or four months Australia is likely to become a keen competitor.

Quite a large export business was reported --about one million bu Manitoba wheats was supposed to have been worked, and some business was also done from the Pacific Coast.

The Continental Baking Corporation has announced that their price for standard 18 ounce loaf of bread will be reduced to 10¢ from 11¢ next Monday. We always feel a reduction in price is a stimulant for more consumption --not that more will be used, but a cheaper price usually leads to more waste.

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The movement in the Southwest keeps up fairly well-- Enid, Salina, Hutchinson, Fort Worth, and Wichita received 139 cars, compared with 74 last year. Minneapolis and Duluth also showed up better than yesterday, receiving 855 cars compared with 457 a year ago.

Primary receipts today were 1,861,000 bu compared with 1,963,000 bu last week, and 1,052,000 bu last year. Stocks continue to increase; in Kansas City, Duluth, and Minneapolis so far this week the gain was 3,119,000 bu. Therefore, we look for another increase in the visible supply on Monday, although probably it will not be very large; no doubt, however, it will be more than last year when the gain was 1,580,000 bu.

At the close our September wheat showed an advance of 1 1/4¢ per bu, and the December 1 5/8¢ per bu.

The corn market was particularly strong, largely influenced, we believe, by the very small receipts; primaries were only 351,000 bu against 849,000 bu a week ago. The export demand for the time being has also disappeared almost entirely, although we do not believe that all old sales have been filled, and we expect some further shipments out of Chicago to fill such contracts.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO Sept. 12, 1938.

The volume of transactions on the various exchanges in both stocks and grain was so light today that traders had plenty of time to discuss what is uppermost in their minds: namely, the probable tenor of Hitler's speech and whether he will indicate the probability of either war or peace. As no information or indication whatsoever is available regarding the contents, all predictions must necessarily be regarded as entirely speculative, yet anyone who analyzes the situation thoroughly can only come to the conclusion that in all probability he will be very patriotic, talking a great deal about the brotherly love for the three million Sudetens, boasting a great deal about the strength of the German army, its invincibility, etc., but we believe it will contain no threat that the German army will march into Czechoslovakia and conquer that country by force and nothing will start a war unless the Germans do just that. There was similar tension in Europe in 1912 when Germany sent the SS Panther into a Moroccan port and tried to intimidate the French, but as soon as England came to their rescue and said she would side with her neighbor in a conflict, an amicable agreement was reached.

This letter will probably reach our readers only after the contents of Hitler's speech are known, and should we be wrong, we assume we have lots of company as the steadiness in the stock market and the weakness in wheat, both here and abroad, in all likelihood would not have occurred if an early impending war conflict were feared. After this subject was thoroughly discussed this morning, there was time left to discuss what the Canadian Wheat Board will do, and it is surprising that they are not hedging their wheat faster than they have done so far, as the amount of wheat which they own at the present time must be very large. Farmers' deliveries for the week ended September 9th, were 28,760,000 bu compared with 10,250,000 bu last year, and total North American shipments (U S and Canada combined) were only 3,416,000 bu. Assuming this quantity is divided equally, and making some allowances for domestic consumption, the increase in stocks must be quite large.

Since there is no further information at hand changing the wheat supply and demand situation, except that Italy claims a larger crop than was heretofore believed possible (this may not be quite correct), discussions centered on the next action of the FSCC. There is no doubt that the selling program so far is disappointing, and as the AAA is determined to have this country clear about 100 million bu wheat, something must be done to accomplish this, and discussions among the leaders are taking place today. We also venture a guess, and believe that there is only one way to accomplish the desired result: namely, to give larger subsidies, and this, we think, will do it.

The next question is: What will this do to our market? The first effect will be depressing on foreign prices, having its repercussions in Canada and finally creating more bearish feeling here. However, during the period this additional wheat is bought and shipped, hedges will have to be removed, and it may temporarily stabilize the market.

Liverpool cables were weak today, closing prices being 1/8¢ lower for October, 1/2¢ for December, and 1 1/8¢ for March. World shipments continue to be surprisingly large --10,474,000 bu versus 7,460,000bu last year. The total amount cleared in a little less than 2 1/2 months is now 43 million bu larger than in 1937, and considering that expectations were for only very moderate world shipments, in view of the large European crops, this is one of the encouraging factors. However, we question whether this demand will continue and believe it is due to laying in of reserves, as the on-passage statement shows 39,216,000 bu, almost twice as large as it was last year when only 20,144,000 bu were on the water. The present demand also seems quite insignificant. Danubian countries seem to be supplying their neighbors quite freely; Rumania is shipping to Switzerland, Greece, and Germany; and Hungary is shipping to Italy. The Argentine exportable surplus of old wheat left is now estimated at 24,726,000 bu, almost 12 million bu larger than last year, and Australia reports a trifle larger acreage than last year; they also

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consider that the condition of their crop is excellent.

Canada will have a surplus of 282 million bu, and even assuming that they are willing to carry over 82 million bu, it would still leave 200 million bu for export, which would be a Herculean task to accomplish.

Northwest receipts were only fair --Minneapolis and Duluth received 761 cars, which was somewhat less than last year, when on the much smaller crop 776 cars were received. Evidently farmers there are holding back. However, the Southwest movement continues at a lively rate: Wichita, Hutchinson, Salina, Enid, and Fort Worth received 160 cars versus 138 cars last year. We understand supplies in the country are still very plentiful. Kansas City received 183 cars compared with 210 last year.

Primary receipts today were 1,880,000 bu, being smaller than last year when they were 2,071,000 bu. There was a holiday last week. The visible supply increased 3,983,000 bu, and now amounts to 123,740,000 bu, and is 6,265,000 bu smaller than last year. However, this is about 9,000,000 bu larger than the total amount of open trades, which would indicate to us that the short interest must be extremely small, and that most of the sales represent actual hedges. This ordinarily would make the market quite vulnerabl if anything new would develop to induce holders to sell out.

At the close our market showed a decline of 3/8¢ per bu for both the September and December futures.

Corn receipts continue to be light, primary receipts being only 417,000 bu. However, there is no export demand at present to speak of. The crop is getting along nicely, and we believe when it moves freely prices are likely to be lower.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 13, 1938.

Hitler's speech yesterday temporarily gave moderate relief to anxious mothers abroad, who had feared their sons might have to face a war in the near future. However, this did not last for any length of time, as toward the close of the session, the Sudetens gave the Czechs an ultimatum to withdraw certain measures within six hours. Therefore, after an early break, our market closed with wild buying prevalent, and the September wheat advanced 3 1/8¢ per bu, and the December 3¢.

In addition to the various exporting countries which are anxious to dispose of their surpluses, Liverpool reports offers of French wheat for October shipment at what we consider a very low price: namely 57 1/8 CIF United Kingdom. Pressure of wheat fromRussia and the Danubian countries also continues, and the demand is relatively unimportant. The actual business contracted for overnight from Canada was very small, and as near as we could learn, almost negligible from the United States.

The weather continues extremely favorable in Australia. Beneficial rains were reported in New South Wales and that country is the first in the Southern Hemisphere with its new crop; therefore, the effects of a large crop which is anticipated might soon be felt.

It is generally assumed that if the volume of sales of wheat from the United States does not increase soon, government agencies might be compelled to increase the subsidies as there is no wavering in their determination to attain the goal of exporting a total of 100 million bu during the 12 month period. It is this fear which prevents English millers from buying on a more liberal scale, as they expect they may be able to obtain their supplies for less money. It also has an indirect effect upon Canadian futures, because for every extra bushel we sell they will be deprived of an outlet, and as their home consumption is comparatively insignificant they cannot easily afford to miss many sales.

As a matter of fact, their visible stocks are increasing so fast that they are likely to become burdensome before very long. For the week ended September 9th, the gain was 22,943,000 bu, and the total is now 89,034,000 bu compared with 57,144,000 bu corresponding date last year. There is no doubt in our mind that Canadian wheat is moving in larger volume than would have been the case if it were not for the guaranteed price. As it is, we can see no inducement for a farmer not to sell his wheat now and collect for it rather than wait until later when the chances for obtaining a better price are so unlikely. The market would have to gain approximately 15¢ a bu, or more, before he could receive more than the guaranteed price, and with conditions as they are, and which everyone knows, this is not likely to happen.

In the meantime, there is a decided dropping off in the movement; receipts at Wichita, Hutchinson, Salina, Enid, and Fort Worth are 73 cars compared with 72 last year; the whole primary wheat movement is only 1,133,000 bu against 2,310,000 bu for two days last week, and 1,209,000 bu a year ago. Stocks at Kansas City and Minneapolis increased so far this week 539,000 bu. The volume of trade is also becoming very light; the total turn-over in wheat yesterday amounted to only 11,004,000 bu. The open interest in September wheat decreased 325,000 bu yesterday, and last night the total was 4,644,000 bu. The last day of trading in the pit in this future is Thursday, September 22. There is still a feeling among some of the holders that government agencies may buy some of the cash wheat which was delivered on contract, but from the best information we can gather, this is not likely to happen. The demand from abroad is still for the kind which is raised chiefly in the Southwest, the best quality of #1 hard, and #1 dark hard, as well as #2 hard, and #2 dark hard, but the yellow is difficult to dispose of.

Just about fifteen minutes before the close it became known that government agencies are willing to take a larger loss on export wheat, and have raised the subsidy from 11¢ to 14¢ per bu. This caused a much firmer feeling, but the political situation finally was paramount.

Corn receipts continue to be very light, primaries being only 428,000 bu, and compare with 269,000 in 1937, and 905,000 for two days last week. The export demand is also rather poor. Fluctuations are extremely light, and the total volume of trading yesterday in the various futures of corn amounted to only 3,757,000 bu.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 14, 1938.

The word "ultimatum" always has a sinister meaning, and particularly so, when it is accompanied with a short time limit. Therefore, it was quite natural when out of a clear sky yesterday the Sudeten Germans issued an ultimatum to the Czech government, demanding compliance of certain demands within six hours. This, of course, set the grain markets wild and brought about a sharp decline in stocks. Later it was explained from Berlin sources that it really was not an ultimatum in the ordinary sense, but just a proposal; and ever since all kinds of rumors from every capital in Europe were cabled, with no safe statements as yet from which anybody could come to positive conclusions. In fact, we ourselves doubt whether the English Premier or the French President at the present time could express any convincing opinions how it will all end-- whether war or peace will prevail. However, as long as the opposing parties still talk to each other, trying to find a solution, not all hope should be abandoned.

On the other hand the decline in stock prices after an early rise, and a further gain in grain prices indicates that to say the least, there are a great many uncertainties, and that many people want to protect themselves in case the worst should happen. Naturally, this political question is so paramount that everything else falls into insignificance, and grain conditions, as such, are hardly being discussed and will not come to the fore until normalcy in world affairs is more nearly restored, or until the opposite happens.

There are still many alive who remember what happened in 1914, and while undoubtedly there would be a great many similarities in case of a great conflagration, many other occurrences would be entirely different. When the great war first broke out in 1914, there was such consternation here, and such panic, that for about two or three weeks it was impossible to ship or sell any grain abroad, everybody being afraid to operate, and the situation was not clarified until England sent her ships over here, guaranteed to make payments for any purchases right in New York, and from then on there was a tremendous volume of exports, which never ended until the end of the war. During the last year of the war the most important item was the destruction of ships by submarines; finally about every tenth boat was torpedoed, and, of course, it required that much additional grain exports to fill the needs.

Just now the whole situation is so tense that it is not likely to stay this way for any length of time, and we must assume that during the next 48 hours developments will be decisive either one way or the other. In the meantime, we are bound to have most nervous markets. Predictions are impossible; fluctuations today during the session were very big, with the close showing an advance of 1 1/2¢ per bu for the September future, and 1 3/8¢ for the December compared with yesterday.

The export business was very light. This partly because nobody would venture to offer much cash wheat overnight, and the few who were daring enough did so at extreme advances over what they really expected to obtain so as to be protected in case we should have had sharp upturns when our session opened this morning. Liverpool futures closed 5 3/8 to 5 5/8¢ per bu higher than the previous session.

Canadian marketings remain heavy --2,922,000 bu. It is safe to say that no matter what happens the world was never better provided for with foodstuffs, and at least for this season there could not possibly be any scarcity. Northwestern carlots are showing a dropping-off, being 561 cars today versus 351 a year ago.

Primary receipts were large again, 1,655,000 bu against 1,966,000 bu last week, and 1,138,000 bu last year. At these higher levels we expect a much freer movement, as there is plenty of wheat in the country which is likely to come forward now. Stocks at Kansas City and Minneapolis have increased so far this week 608,000 bu.

Corn receipts continue to be light --only 248,000 bu compared with 801,000 bu a week ago. However, at the advance offerings became more liberal, and we look for an increased movement. Fluctuations in this cereal followed very closely those of wheat, and the events happening in Europe were also an influence on corn prices. We expect that price fluctuations will continue to be dependent upon the politics situation abroad.

DAILY MARKET LETTER

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UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6288
141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 15, 1938.

The dramatic move on part of Prime Minister Chamberlain to make an airplane trip to Berchtesgaden to visit Hitler for discussions was commented upon very favorably by the majority of English people. The greater the man, and the more poise he has, the less he would permit any trivialities to stand in the way of accomplishing a great purpose; and the important point at the present time is to avoid a world war, if it can be done without much sacrifice. Of course, there is no proof as yet that the two minds can meet, and the fact that Lloyds has decided to give forty-eight hours' notice on termination of war risk contracts, effective tonight, and that after Saturday insurers will have to obtain war risks from others, is a clear indication that the situation is still very serious. Also war risk insurance was cancelled on cargoes from Montreal by Canadian underwriters.

In the meantime, martial law was declared in five more towns in the Sudeten territory, making a total of 16 districts under martial law. As usual it is very difficult to stop a movement such as has been started when the masses have been aroused. Yet there was a complete reversal of sentiment in the London stock market, but whether or not it will last will depend upon the outcome of the meeting now taking place. It is also expected that the British Parliament is to be called to session prior to November 1st, which would have been the time under ordinary circumstances; Therefore, it is quite evident that not all dangers have yet been passed.

With the more hopeful feeling existing the Liverpool wheat market closed considerably lower, futures losing 1 1/2 to 2 5/8¢ per bu. We naturally followed, and for the present the political situation will be the greatest influence in shaping grain prices, and other conditions, unless very pronounced, will be temporarily ignored. Therefore, it is still more or less impossible to make predictions as to markets, it being positively unforeseeable what the final outcome will be in Europe, yet we still think, judging from past experience, that the probabilities are most often in favor of peace, especially when nobody really wants war-- not even Hitler. After the political atmosphere is cleared, and supply and demand situation again is regarded as the most important, we think the tendency of wheat prices will be lower again, as we have not exported sufficient quantities to relieve the big surpluses which cannot be reduced sufficiently before another crop starts to prevent great accumulations.

The foreign demand for North American grains overnight was again very flat; but this would not mean a great deal because exporters in most cases were afraid to offer anything overnight. Furthermore, we do not see how much business can be done at the present time, as it is difficult to obtain war risk insurance. Even where it is obtainable the cost would have to be added to the price, and without it we do not see how banks could discount ocean documents. Certainly no exporter would take the risk himself of sending ships across for the small profit that might be in a transaction of this kind.

Clearances reported so far this week from various countries were considerably lighter than of late: India cleared 8,000 bu compared with 64,000 bu a year ago; Black sea shipments were 1,920,000 versus 2,896,000 bu in 1937; South Russia, which is included, cleared only 1,304,000 bu, while the previous week she surprised the grain world when she exported 3,960,000 bu. Whether this means anything for later periods or not remains to be seen.

In our country, particularly in the Southwest, receipts continue to be quite fair; Wichita, Hutchinson, Salina, Fort Worth, and Enid received 122 cars versus 77 a year ago; Kansas City had 106 cars against only 91 similar week last season. Northwest receipts were comparatively light --496 cars compared with 518 a year ago. We think there is more wheat held back in the northwest territory, which may finally come under the government loans, than in any other part of the country.

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Soil conditions in most parts of the winter wheat belt have been put in excellent condition, and better than for a number of years, as rains have been very plentiful. The tendency for farmers naturally would be to seed a large acreage of wheat, but a great many have signed up with the government, and, of course, will have to live up to the quotas, but others might be inclined to partially make up for it. So it is very doubtful whether the total winter wheat acreage can be reduced as much as was anticipated, and hoped for by the Agricultural Department.

Primary receipts were quite large --1,290,000 bu compared with 1,271,000 bu last week, and 1,111,000 last year. Stocks at Kansas City and Minneapolis showed an increase so far this week of 767,000 bu, and we are looking forward to a fair increase in the visible supply on Monday. The Canadian movement also continues to be big; farmers' marketings were 4,031,000 bu.

At the close our September future had declined 2 1/4¢ per bu, and the December 2 1/2¢.

The corn market acted mostly in sympathy with wheat. Receipts are pretty light yet --primaries were 373,000 bu against 314,000 bu the previous year. However, at the advance yesterday lots of corn was sold to come to this market, and we think there will be a better movement now, weather permitting. The crop is also getting along nicely, except the wet weather is delaying maturity of the late corn, However, as the old stocks are pretty large, there is no urgency for immediate supplies. The large quantity raised will finally determine the price, and believe it will sell lower during the period when the heaviest movement starts.

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CHICAGO Sept. 16, 1938.

Hopes for peace had been running rather high ever since Chamberlain announced his intention to fly to Berchtesgaden to meet Hitler to discuss the whole political situation, with the idea of coming to an amicable arrangement. It was naturally assumed that a meeting of this kind would lead to mutual concessions, although it was fully appreciated that the difficulties which had to be overcome were very great. Early today the feeling became more pessimistic, as many rumors were to the effect that Hitler was very determined to have his way, and that no solution could be found unless the others would give in. Later during the day various reports were circulated, expressing greater hopes that a peaceful settlement could be arranged. In the meantime, however, President Benes, of Czechoslovakia shows a great fighting spirit, and we think it is almost impossible for anyone to be too sure of what will finally happen. Therefore, it is more or less guesswork. The stock markets, both here and abroad, registering lower prices, and the action of the wheat markets at Liverpool and here, recording higher values, would indicate that it is the consensus at the present time that the outlook is more gloomy than yesterday. However, unless something unexpected happens in the way of more disturbances in Czechoslovakia which might bring about an earlier crisis, there is still hope left for peace, particularly as Hitler may still be bluffing, and he is an A-No.1 expert in that line.

Many traders cannot forget their past experiences, when "wolf" was cried out so often, and when finally it was found that the dangers were exaggerated; so for the present feeling is rather calm in the wheat pits. Everybody is on the watch, preparing to take either one side or the other; there are not many long engagements based solely on expectations of war, but there had been bulls right along on merit, and they naturally stick to their lines with the additional possibilities that there might be reason for an enhancement in values. Consequently, pressure at all times is very small, particularly as the heavy hedging time is over.

In the meantime, a very much larger business had been consummated in Canadian wheats, and about 1 million to 1,250,000 bu had been worked overnight. It is also claimed that some United States wheat had been sold, but it was impossible to obtain accurate figures, and we do not believe it was in large amounts.

Liverpool wheat cables closed 1 5/8 to 1 3/4¢ a bu higher, but there were other reasons besides the political one for their strength. It was claimed that Russia is making no further offers of wheat at the present time, and the size of the Southern Hemisphere shipments was also a disappointment. However, we ourselves consider them fairly satisfactory, Argentina clearing 1,114,000 bu compared with 561,000 last year; and Australia, 1,363,000 bu versus 611,000 last year. But the Russian and Danubian shipments are somewhat smaller this week, and it seems Europe at the present time is able to absorb quite large quantities, probably mostly for extra reserves.

The movement in this country continues satisfactory, but nothing very sensational; receipts at interior points, such as Wichita, Hutchinson, Salina, Enid, and Fort Worth were 99 cars compared with 76 last year, but Kansas City received only 57 cars, while last season they had received 105. In the Northwest the movement is small, considering the size of the crops, and Minneapolis and Duluth received only 437 cars compared with 347 a year ago. We expect only a very moderate increase in the visible supply on Monday.

The open interest in wheat decreased yesterday 1,755,000 bu, and the total interest now amounts to 108,723,000 bu. This is much smaller than the visible supply, showing very plainly that there cannot be a great many shorts. This as a rule is a weakness in the market, but there is another side which should not be overlooked. Outside of the supply and demand situation, prices no doubt will be

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influenced by the determined efforts of the United States government to export during this season about 100 million bu of wheat. Therefor, a certain amount of the surplus here, which would have been depressing, will be removed from these shores, and the extremely low prices at which Europe can obtain its wheat, may lead to a greater consumption, more waste and much larger reserves.

They are now trying to pass a bill in the Argentine authorizin the government to fix minimum prices for wheat, corn, and flaxseed, whenever it considers such action necessary. This dumping, or whatever one may call it, may finally make very low prices abroad, but for the time being will have some strengthening effect here, at least temporarily, whenever the government buys large quantities here, and when hedges have to be removed.

In all our experience there has seldom been a period when it was more difficult to give good advice, based on sound reasoning, past experience, supply and demand, etc., as many outside influences might offset the best laid plans or conclusions.

Primary receipts of wheat today were 820,000 bu, being smaller than last week and last year when they were 1,861,000 bu, and 1,061,000 bu respectively.

At the close our market showed an advance of 7/8¢ per bu for the September wheat, and 3/4¢ for the December compared with yesterday.

Corn followed the ups and downs of wheat all during the session, with no independent action.

No doubt when Chamberlain reports to the cabinet the details of his interview with Hitler, and possibly makes some recommendations, it will be easier to view the political situation one way or another; but yet, these uncertainties may drag on for days and weeks.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 19, 1938.

A number of very momentous conferences took place yesterday in London to decide the question of probable world peace or war. There were meetings between Chamberlain and his Cabinet, as well as between the French Minister Daladier and his aides with England's key men. Decisions were arrived at which it is hoped will lead to a peaceable solution of the Czechoslovakian affair. It is not yet sure that Hitler will agree to the counter-proposals which will be made to him, nor has the consent of President Benes been obtained, but as this seems to be the only way to avoid war, the consensus is that it will be accepted.

With this clearing of the political atmosphere, stock markets immediately were considerably stronger, both at London and New York, and wheat prices declined at Liverpool, as well as Chicago. Should there be no war, immediate attention will be concentrated on the statistical position of wheat, which factor had been neglected during the last week, and as there is no change in the outlook of abundant supplies, compared with the demand, this will again dominate and possibly bring about a bearish situation such as existed previously.

Liverpool cables at their close showed a decline of 2 1/8 to 2 1/2¢ a bu. We have heard very little of important export business overnight, either from this country or Canada. World shipments were smaller this week --8,969,000 bu compared with 10,474,000 bu previous week, and only 7,375,000 bu last year. Since July 1st they amounted to 117,458,000 bu, versus 84,769,000 or 33 million bu larger. Inasmuch as the imports of wheat and flour into the United Kingdom since August 1st were only about two million bu larger than last year, and much the same as they were in any ordinary year, the excess of clearances must have gone to the Continent for reserve stocks, although it also must be considered that the amount on passage, while decreasing this week, is larger than last year by about 15 million bu--35,328,000 bu versus 20,360,000 bu in 1937, and possibly England bought a large quantity ahead which has not yet been received.

North American clearances were again larger than last year--4,196,000 bu versus 2,850,000 bu similar week in 1937. So far since July 1st exports were about 16 million bu larger, which in a way is encouraging, but it must be borne in mind that this rate may not be kept up if the crops in the Southern Hemisphere materialize as they promise now.

The first official estimate of the Argentine acreage is 20,007,000 acres compared with 18,909,000 in 1937; 17,503,000 acres in 1936; and 14,209,000 in 1935; therefore, a steady increase, and there is a possibility that that country alone might raise a surplus of 175 million bu. Of course, we appreciate that the crop is not yet made, but at the present time the outlook is very favorable.

The same thing may be said of Australia, where a larger acreage was planted this year, with better than average prospects at the present time.

The Canadian movement keeps up at a tremendous rate; farmers' deliveries last week were 20,966,000 bu against 12,619,000 bu a year ago. Since August 1st the total was 106,927,000 bu compared with only 50,119,000 bu last season; and we see no reason, with the large crop raised this year, why there should be any let-up for sometime to come. To offset that, however, the spring wheat movement seems to have passed its peak, and receipts at Minneapolis and Duluth today were only 434 cars versus 496 a year ago.

In the Southwest there is plenty of wheat left; receipts at Fort Worth, Enid, Wichita, Salina, and Hutchinson were 194 cars against only 119 the previous year. Kansas City also received more --177 cars compared with 123 last year.

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The FSCC has not issued any reports lately regarding either purchases or sales, but every little while we hear of new purchases, also of sales, they are making, and of course this wheat which they ar buying will be exported at one price or another, which at least gives the market a certain cushion which otherwise would not exist.

Primary receipts today were 1,610,000 bu compared with 1,880,00 bu a week ago, and 1,148,000 last year. The visible supply shows an increase of 2,193,000 bu, and now amounts to 125,933,000 bu, while in 1937 it was 5 million bu larger, at about 131,000,000 bu.

At the close our September wheat showed a decline of 1 7/8¢ per bu, and the December 1 3/4¢.

Corn declined in sympathy with wheat. Primary receipts are still light --637,000 bu versus 417,000 last week, but shipments amount to 845,000 bu. The visible supply decreased 1,323,000 bu, and has been now reduced on this large crop to 8,756,000 bu. We are nearer in line for export now than of late, as Argentine prices have been somewhat raised; however, no large export volume has been reported of late.

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CHICAGO Sept. 20, 1938.

The consensus is that peace will prevail now, and while this is a relief in a great many respects, the price being paid for it is very big. The European situation as a whole remains discouraging. There are no signs that anything will be settled permanently. The prestige of Hitler is gaining, and that of the democracies has decreased another big notch. New minor questions have arisen: Poland and Hungary are making new territorial claims, and while they also probably will be arranged and settled, yet, many times in the past wars had been started by the smaller nations; in fact, Serbia was the powder magazine which set the world war going in 1914. There is no rejoicing anywhere the way matters had been handled, and while a war nowadays might mean much real destruction of life, and probably of civilian populations and demolishing of the big cities, yet nobody in Europe feels particularly happy over what was accomplished, except the leaders in Germany. But even there the people have nothing to celebrate because their fate is nothing to be envied.

Nevertheless, the fact that an immediate catastrophe has been avoided sent stock prices up, both in London and in New York. The rise in values was quite considerable and grain prices declined for the same reasons. The decline in futures at Liverpool was from 5/8 to 2 1/4¢. The reason that the nearby future, October, did not decline more is due to the fact that actual stocks are not particularly pressing, but the outlook for supplies later on, especially when the Southern Hemisphere is ready to ship its surplus, is very encouraging.

The actual cash business overnight was supposed to be only moderate, both in Canadian and U. S. wheats. There was a little business done from the Pacific coast for export.

The visible supply of Canadian wheat for the week ending September 16th increased nearly 14 million bu, and now amounts to 103,006,000 bu. Overseas clearances for the week were 3,430,000bu, which was considerably larger than of late.

We understand that it is the intention of the FSCC to reduce their buying and to advance their selling limits. The subsidy is supposed to be reduced about 2¢ a bu, and their buying price about 1¢ a bu. We do not know the reason for this change in policy. As a guess, the reason they reduced their buying price is probably because they have enough stocks on hand now to meet all possible demand for the present; and it never was the intention to accumulate any very large lines. The reduction in the subsidy might be to show the foreigners that they cannot buy the wheat at any price they wish and possibly it might have some stimulating effect abroad. We feel this will make it just a little harder for the two yellow hard wheat in Chicago to find a ready market, and, therefore, it seems rather strange that September wheat is selling so close to December wheat --during the session about 1/2¢ under. Inasmuch as the cost is about 2 1/2¢ a bu from now on to carry this wheat until December, it would not be a good proposition to hold it unless it can be marketed in the meantime.

Receipts at interior points in the Southwest continue normal, but are no longer pressing: Wichita, Hutchinson, Salina, Fort Worth, and Enid receiving 83 cars compared with 69 last year. Kansas City had 37 cars versus 60. Receipts in the Northwest are very light considering the size of the crops, Minneapolis and Duluth receiving only 387 cars against 586 a year ago. Total primary receipts of wheat were 1,137,000 bu today compared with 1,133,000 a week ago, and 1,268,000 a year ago.

Trade was extremely light today, and after a weak opening fluctuations were extremely small. It is very difficult for anybody to have very positive opinions as to what is likely to happen next regarding values. On the one hand there are the large supplies compared to the demand; on the other many efforts will be made to stimulate exports all that is possible; and it is now thought in some quarters that Chinese representative is in Washington trying to induce our government to sell them some wheat and cotton on credit.

At the close our market showed a decline of 5/8¢ per bu for the September wheat, and 3/4¢ for the December.

The corn market was largely influenced today by the very heavy offerings overnight; something like over 400,000 bu were reported to be worked to come to Chicago. This was rather unexpected as both consignments and sales to arrive of late have been quite small. Evidently farmers are satisfied now that the new corn crop is pretty safe, and they are cleaning up their old stocks. Primary receipts today were 757,000 bu versus 428,000 last week, and 452,000 a year ago. Export business is rather light.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 21, 1938.

Headlines in the newspapers, as well as commentators over the radio, gave mixed expressions of foreign political developments, but we think the dominant feature still was the determination of France and England to maintain peace at almost any cost. During today's session the Czech government, according to an official statement of the cabinet, was apparently resigned to its fate, and stated that its government had been forced under irresistible pressure from France and Britain to accept the plan proposed with great pain.

While this news had been expected yesterday its confirmation had a marked effect both with reference to securities and to grains. There are still a great many matters to be ironed out, and apparently this will be attempted tomorrow when Chamberlain returns to Germany for his second visit to meet with Hitler. Possibly some of the other minority questions will be discussed at that time.

Quotations at Liverpool were intermittently strong and weak; final figures showed an advance of 1¢ per bu for the October delivery, while the deferred months were hardly higher.

It was reported in some quarters that Russia was not offering any wheat at the moment, and might not do so for the rest of the season, but any guess of that kind from a country where the news is as vague as is generally the case with Russia, must be accepted with a grain of salt.

There was rather a fair business in Manitoba wheat, but sales from the United States were very small, if any at all. There are still some sales of Australian wheat from time to time, although present offerings are held more firmly, and this will probably be the case until another crop is closer at hand. The same, of course, is true also in Argentina. So until next January it is very likely that North America will be called upon to handle a good share of the export trade. Stocks at Liverpool are not particularly large, and millers still inquire for cash supplies, so that Canada will have a few months now where she will have the market more or less to herself. Of course, this will be helped or hindered depending upon the policy of the United States government through its export subsidy plan; but we take it that with the determination that there shall be exports from this country of close to 100 million bu that supplies shortly will be forced more heavily into export channels.

As far as Canada is concerned, she has a very big surplus, and country marketings are continuing at an enormous rate; yesterday, for instance, these amounted to slightly over 6 million bu. As long as the farmer up there figures he can still sell his wheat to the government for 80¢ per bu, basis Fort William or Port Arthur, naturally, there is not much incentive to hold it back on the farm. With this the case, it is not surprising that the May future in Winnipeg again has gone to a discount under Chicago, because temporarily the pressure up there is very great, while here it has somewhat diminished.

In our Northwest wheat receipts today were only 293 cars compared with 561 last week, and 231 cars last year. They were also rather moderate in the Southwest, with Wichita, Hutchinson, Salina, Fort Worth, Enid, and Amarillo having a total of 123 cars against 64 a year ago. The primary movement today amounted to 1,168,000 bu. This was quite a bit smaller than last week when it was 1,655,000 bu, although considerably larger than in 1937 when only 685,000 bu were received. While visible stocks are still showing an increase in the country, there are moderate hedges being taken out of the market. The domestic flour business was reported to have increased substantially. The Northwestern Miller in its weekly report on the flour business claimed that domestic bookings in the northwest spring wheat territory increased to 172% of capacity, compared with 114% a week ago, and the same rate a year ago. As for the Southwest, the figure was 66% of capacity this week versus 54% the previous week, and 59% a year ago. Very likely some impetus was incurred owing to the war scares, and it

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is not surprising, therefore, that bakeries protected themselves, apparently the same as speculators had been spurred on by the possible outlook of war which existed during that period.

Trade was not particularly large, although liquidating orders were responsible for the weaker tendency, no doubt influenced by the more peaceful outlook abroad. Trade in September wheat appeared to be a little bit larger, although as of yesterday there was still 2,460,000 bu open, and tomorrow is the last day on which trades can be made in the pit, because after that period settlements are only possible through delivery. At the last the September wheat showed a decline of 1 3/8¢ per bu, while the December was 1 1/4¢ lower.

Corn was influenced by lower wheat prices, also satisfactory weather. The country was inclined to sell a little more liberally, with receiving interests here reporting fair amounts booked. This cereal to us looks rather high in comparison with wheat.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 22, 1938.

While everything had been more or less quiet yesterday politically, there was a little greater tension this morning owing to the fact that the Czechoslovakian cabinet had tendered its resignation and asked President Benes when appointing a new ministry to do so on a broader national basis, including the head of the army. This apparently was done with the view to establish peace throughout the country and it is quite remarkable how the Czechs have maintained comparative order in view of all that has happened. Meanwhile, Mr. Chamberlain had arrived in Germany for his second conference with Hitler, and while at this writing no statements of the meeting have reached us, it was considered possible that England might make certain demands for the further preservation of peace in Europe. Mr. Chamberlain stated that a peaceful solution of the Czech problem was an essential preliminary to a better understanding between the British and German peoples. "That in turn", he said, "is indispensable to the foundation of European peace", and European peace is what he was striving for with the hope that his journey might open the way to gain such results.

While none of the markets --either grain or securities-- showed the great tension that characterized them of late, still traders were rather anxiously awaiting further developments, with the result that stocks both in London and New York eased off, although pressure to sell was not heavy. There was apparently a little more anxiety on part of British millers and the overnight business in Manitobas was reported to have been much heavier --possibly two million bu of wheat taken from that country. We could not learn of any new business from the United States, and apparently the FSCC is not pressing offers at this time, although no figures had been given recently, and what we have stated is simply a surmise by trade interests.

We presume that a country like England, which is the largest single importer, must have the same figures at hand that we do, and studying these continually they appreciate that supplies both in the United States and in Canada are still ample for all needs. Even though Russia might become less of a factor in the export field from now on, there should be no difficulty, provided, of course, Southern Hemisphere crops later on yield according to present promise, and from reports sent out from the Argentine, everything looks very healthy at this time. When we consider, for instance, that the total crop and carryover in Canada was 382 million bu, compared with 219 million last year, and deducting 100 million bu for home consumption, we can readily see there is ample wheat in that country and that the situation will not be corrected by just a few days of good business. Up to the present time the actual exports of wheat and flour from August 1st to September 16th amounted to about 14 million bu against nearly the same quantity the year before; therefore, at the present time there is 268 million bu on hand, compared with only 106 million bu in 1937.

So far as the United States is concerned, taking the total of crop and carryover, and assuming a domestic consumption of 700 million bu, also, providing for a carryover on July 1st of 125 million bu, there would be available for export until new July, 269 million bu. Up to the present time, the actual overseas shipments of wheat and flour are less than 27 million bu. We assume, however, that another five to ten million bu have been sold but not cleared, but even this leaves us with very comfortable reserves, and for that reason we believe the government will make further efforts to dispose of some wheat through export channels. There is no particular pressure upon the market, and receipts in the Northwest today were only 230 cars, compared with 496 cars a week ago, and 334 cars last year, when the crop was much shorter.

It is quite apparent that the reluctance on part of farmers to sell is either the result of the relatively low price, or there is the inclination to take loans from the government, either now or later. In the Southwest we also find the movement is light and that Wichita, Hutchinson, Salina, Fort Worth, and Enid received only 108 cars compared with 76 last year; Kansas City had 99 cars today, which was also smaller than a year ago. However, as an offset to this the milling

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demand has turned rather poor and apparently supplies were taken car of earlier, due to the fact that the large bakers probably figured they would not have to sustain heavy losses by providing for their needs early in the season.

Primary receipts today were 992,000 bu compared with 1,290,000 bu last week, and 1,140,000 bu last year. Kansas City and Minneapol stocks so far this week have increased 91,000 bu. Canadian marketing from the country were again very heavy --7,027,000 bu versus less than 2 million bu a year ago.

Trade on the whole was rather dull, and there was not a great deal of new buying, as most people still have in mind that the majority of those in Europe are interested in peaceful pursuits, and do not want to see all countries mobilize for war. However, with chances still for minor disturbances abroad, the close was firm, December wheat showing an advance of 1 1/8¢ per bu, and the May 7/8¢ per bu. September wheat expired without much excitement.

Corn was influenced mostly by the stronger wheat market, althou some export business was put through overnight. The weather remains generally favorable, and no frosts are looked for for several days. Therefore, the plant is progressing satisfactorily.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

September 23, 1938

European political news appeared less favorable this morning, and the turn was occasioned by reports that the conference between Chamberlain and Hitler was making little headway. After yesterday's discussions it had been arranged that the parley should continue this morning, but instead Mr. Chamberlain preferred to address himself to Hitler through correspondence, with later developments indicating that there might be somewhat of a deadlock between the views of the two men. All kinds of rumors continue coming from Czechoslovakia, one of them to the effect that the Sudeten troops had invaded that country and that the Czech troops were resisting the fight with arms, but later this was denied.

In any event, politically, the situation appeared much more serious today, and this was reflected in values of both grain and securities, with the stock market showing further losses from the previous session, while gains were made here in Chicago wheat following the strength abroad, as Liverpool prices advanced 1 1/4 to 1 7/8¢ per bu.

It is only natural that England should feel some apprehension under existing conditions, being so largely dependent upon imports for her food supplies, but nevertheless, fresh export business was comparatively unimportant and we did not hear of any sales from the United States, although a fair quantity of Manitoba wheat had been worked. Shipments from the Southern Hemisphere at this time are rather light, being only 878,000 bu this week from the Argentine, although a little better showing from Australia, where 1,685,000 bu had been put afloat. Clearances from Black sea ports are slightly less than 2 million bu, and it looks as though world shipments on Monday will not make a particularly good showing. Our market, besides being influenced by political news from abroad, strengthened considerably when advances took place in Winnipeg and at Minneapolis. There had been a report in one of the Northwest papers to the effect that the government might pay farmers in some sections of the spring wheat area the loan price, and later on AAA officials stated that there might be some purchases of spring wheat through the FSCC. It is understood that a meeting will be held in Minneapolis next Monday, at which time details of the proposed purchase program will be entered into. The chief purpose, as we understand it, will be to relieve conditions in the areas where farmers are having difficulties in obtaining Commodity Credit loans for their wheat. This results from the fact that in certain areas storage facilities are not available and we gather that the plan will be similar in character to the one already in operation in Southern Idaho and Northern Utah where wheat is being purchased, apparently for the same reasons.

Very likely the light receipts lately in the Northwest were due to this fact, farmers possibly anticipating that such a move might come about. Today, for instance, there were 344 cars received at Minneapolis and Duluth, compared with 437 a week ago, but only 251 cars last year. In Canada the situation is quite different, as the movement from the country is still extremely heavy, and with fairly favorable weather the farmers have been able to gather their crops without being hindered. There were 1,508 cars at Winnipeg today and from information that came to us, the Canadian government agency on the advance was hedging some wheat, as they apparently had been unable to sell either abroad or in the pit on as heavy a scale as the purchases which they were recently compelled to make. In spite of this, Winnipeg gained somewhat on our futures and there are a great many people who believe that because of the intrinsic value, Canadian wheat is worth more money than ours. They also count on the preferential tariff into England which favors Canadian supplies, but with the many attempts by our own government to help the farmer and looking forward next Spring to reduced acreage for the 1939 winter wheat crop, we hesitate somewhat to enter into such spreads at this time. According to the pre-

(OVER)

liminary report of the MODERN MILLER, farmers will undoubtedly reduce the seeded acreage materially, as compared with last year's record seedings, although they think the total area will be well in excess of the AAA allotment. They report that excellent progress was made in seeding operations this week.

Primary receipts today were 1,009,000 bu compared with 820,000 bu last week and 1,125,000 last year. So far this week supplies at Kansas City, Duluth and Minneapolis show a net increase of 721,000 bu. This suggests some increase in the visible supply next Monday. A year ago the visible supply reached its peak for the season at 131,051,000 bu. At the present time it is practically 126 million bu. Canadian marketings amounted to 5,326,000 bu.

At the last our market maintained itself pretty well, December wheat closing 1 1/8¢ higher, while May wheat was 7/8¢ up.

Corn was somewhat influenced by the better tone of the wheat market, although trade was comparatively light. There is apparently enough back in the country to insure a larger movement if prices go much higher, and in fact, even at this level bookings are substantial.

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CHICAGO MERCANTILE EX.

CHICAGO - Sept. 26, 1938.

Political tension continued in Europe, and late yesterday there was news from Czechoslovakia that the new terms imposed upon that country by Hitler were unacceptable. This resulted in further meetings between the heads of the French and English governments, with the consequence that Chamberlain finally, with the approval of Daladier, sent a personal message to Hitler by airplane with Sir Horace Wilson, in a last minute attempt to avert war. It was hoped that this would reach the German Chancellor in time before he was to make a speech.

In any event, with most of the European countries mobilizing forces not only on land, but also by air and at sea, it is quite natural that much nervousness should have occurred marketwise, and before our opening this morning London cabled that their stocks were about three points lower, while wheat at Liverpool was comparatively strong, having reacted only partially after the 7¢ upturn last Saturday. Regardless of what opinions Americans may have formed over the week-end, they naturally took their cue from foreign markets, figuring that the British were much closer to the scene of action. We, therefore, opened about 1¢ per bu higher, and with further buying orders presumably from the East, the rally continued also in sympathy with the much higher prices that prevailed at Winnipeg.

In our own calculations we do not want to forget the basic picture. According to our own government figures, world stocks of old wheat on July 1st were estimated at about 595 million bu, or roughly 75 million bu more than the previous year. This does not take into account either Soviet Russia or China. The world wheat production, also exclusive of those two countries, is now estimated at 4,345,000,000 bu, which is 510 million bu more than the crop of last year, so that certainly suggests a great abundance everywhere. The government figures that because of low prices there may be a larger disappearance during the present year, but, even so, that the world's carryover on July 1, 1939, on basis of the present crop prospects for the Southern Hemisphere, is expected to be 1,145 million bu. This would compare very favorably with the record carryover for the years 1933 and 1934, so that it is our thought that barring a war, statistics will again come to the foreground; therefore, whatever purchases are being made now may later be liquidated at possibly lower figures, should peace finally prevail in Europe.

The export business for North American grains was rather quiet, and while no important sales were confirmed, we believe that this was mostly due to the reluctance on part of shippers to offer freely, and for that reason we pay little attention to it.

World shipments were 9,258,000 bu, which was slightly higher than last week, and also a little better than last year, but the amount of wheat on ocean passage decreased rather sharply, with only 30 million bu now afloat. As a matter of fact, Liverpool wheat stocks are now 6,712,000 bu. This is almost double of last year. Of course, England knows that supplies in Canada are plentiful; since August 1st to September 23rd marketings from the country have been 142 million bu compared with only 60 million bu last year. She must be further reassured that with her powerful navy even if there should be hostilities she will have to depend upon other countries for her food supplies, as was the case during the World War.

The visible supply in this country showed a decrease, the first of the season, which amounted to 1,573,000 bu. Total supplies which are 124,360,000 bu, are 6,691,000 bu smaller than a year ago. Primary receipts today were quite good, amounting to 1,830,000 bu versus 1,428,000 bu in 1937, probably due to the fact that there were 736 cars at Minneapolis, and Duluth today against only 434 cars a week ago, and 501 last year. Southwest cars also were better, with Wichita, Hutchinson, Salina, Fort Worth, and Enid receiving 224 cars versus 106 last year, while Kansas City had 225 cars against 142 the previous year. Chicago stocks decreased 287,000 bu during the week, but there are still 15,421,000 bu here with not a very big demand, although some of the wheat apparently taken on September contracts has been ordered out.

At the last our market showed an advance of 1 3/8¢ per bu for the December future, while the May was 1¢ higher.

Corn received most of its help from the leading cereal, in spite of good weather, and even with 613 cars here in Chicago. The primary movement was almost 3 times as great as last year, and the visible supply showed a small increase this week, leading us to believe that it may be difficult to boost prices of the yellow cereal.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 27, 1938.

The German Chancellor started his speech yesterday while our grain market was still in progress, but the more belligerent portions of the talk were not voiced until long after closing time. It was thought by some that his antagonism for Czechoslovakia would make it impossible to reach peaceful conclusions, but this apparently was not the general consensus because after the talk had been more closely studied, Mr. Chamberlain made a final effort to secure peace by issuing a statement this morning in which he said that he hoped the situation might be settled promptly and still felt it could be settled without bloodshed. According to reports from Berlin, this statement was favorably received and there is no doubt that the whole world would like to avoid a war at this time. When the British premier spoke over the radio he made known the desires of the British people to try to preserve peace as long as this was possible without humiliation to themselves.

There were some unconfirmed rumors in London to the effect that a forceful solution of the German-Czech problem had been postponed and that the general atmosphere abroad was somewhat brighter, with London securities evidencing better tone, while Liverpool closing wheat prices registered declines of 1 1/2 to 1 7/8¢ a bu. As was the case here for the past few days, we took our cue from the foreign news and it seems that during the past ten days, there has been a fair accumulation of long lines by those who either wanted to hedge themselves against war, or possibly felt the situation abroad was sufficiently serious to justify investment purchases. There was only a small, scattered Manitoba business, and very little from this country that we could trace, but from information we received today this is not surprising because of the following factors. First of all, shippers' offers are extremely scarce and no one seems to want to assume overnight risks, while secondly, British millers have not bought a great deal during the crisis because they feel if there is no war, very likely prices will decline,and if there is a war, the British government will take over at least control of the milling industry, and, therefore, current needs are being cared for but no great provision is being made for the future.

Despite the gravity of the situation and the feeling that political events had not been settled, our market tended lower, and it seems there are very few shorts at the moment; therefore, the technical position was somewhat weak, with the same being true in Winnipeg, and possibly even more so because prices there had gone up very largely because of the fact that the Wheat Board had apparently not hedged anywhere near its recent purchases, and from that point of view, the situation is not too healthy as we see it.

The FSCC announced from Washington this morning that they would buy spring wheat, and the officials had apparently completed arrangements in certain areas, which we understand was to simplify the program where elevator facilities are not readily available. Details, however, will not be announced until somewhat later. Outside of selling, which came apparently from long interests, there was only light pressure as receipts in the Southwest have dwindled down to small proportions --Amarillo, FortWorth, Enid, Wichita, Salina, and Hutchinson having only 101 cars today compared with 110 last year; Kansas City receipts were light, only 33 cars versus 43. In the Northwest, however, the showing was somewhat better, with Minneapolis and Duluth having 701 cars, compared with 397 last week and 309 last year. Winnipeg is experiencing a very heavy run of wheat right now--there were 2,866 cars there today for inspection, compared with only 818 cars last year, and with such an enormous run that cannot be sold for export and apparently is not being hedged in any large quantity, it can only mean that their market is not undergoing the usual test to which it is subjected when the grain is handled through regular trade channels. While this imparts temporary strength to the market as compared with Chicago, we have some doubt as to whether it will be lasting. Therefore, we would not favor the spread of making purchases there against sales here until it goes to a more attractive basis.

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Primary receipts today were 1,062,000 bu, which was slightly less than last week, and compares with 816,000 bu a year ago. So far this week stocks at Kansas City and Minneapolis show a net increase of 48,000 bu. The Canadian country marketings were again very large --5,105,000 bu versus 842,000 bu the previous year.

Trade was more quiet than of late, and at the last December wheat showed a decline of 1/2¢ per bu, while the May was 1/4¢ lower.

Corn was also influenced by the political news, and the weakness in wheat, but receipts are running heavy right now; the primary movement was almost double of last week, with only a moderate demand This created a little more bearish sentiment, although pressure was not heavy.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 28, 1938.

The overnight news from Europe was indeed grave. Prime Minister Chamberlain in a six-minute broadcast to the entire world yesterday spoke with dignity and humaneness. For a time it seemed as though in contrast to this talk the blustering broadcast of Hitler the day before, which lasted for about an hour and a half, would have more weight in determining the fate of Europe. However, the German Chancellor must have heeded the last minute advice of his generals who informed him that an attack upon the allied nations might result in disaster to the German Reich.

In any event just after our market opened, there was an announcement from England that Hitler had summoned the heads of the British, French, and Italian governments to meet with him in Munich tomorrow for a Four-Power conference on the Czech crisis. This news, when announced in the House of Commons, brought cheers and wild enthusiasm from the galleries, with Chamberlain concluding his speech by saying that no member of the House could help feeling his heart leap that the crisis was once more postponed. Almost simultaneously there was news from Berlin that the ultimatum to Czechoslovakia had been postponed for twenty-four hours, pending the conference of the Four Powers tomorrow.

Despite very strong quotations at Liverpool, we opened only moderately higher, and very shortly there was a rapid change in all commodity and security markets. The same quick transformation occurred in sterling, which had broken sharply since yesterday, with the rate advancing from $4.60 to $4.75, which was the sharpest swing that we have seen in several years. Closing prices at Liverpool also showed tremendous reactions from the highest figure of the day, with values at the last being about unchanged to 1¢ higher in comparison with the 7¢ upturn in the early transactions.

There had been a large export business from both the United States and Canada, although actual figures are still lacking. With the keenness that had existed early, almost everything that was offered overnight had been accepted, including some wheat from the Pacific coast.

All this, however, had very little market effect, and in fact, the paramount news again was that which came from Europe. As we view the situation there were probably not a good many hedges removed, as the bulk of the wheat sold from here must have come from the FSCC, while in Canada the Wheat Board probably did the business; and from what we gather a large percentage of the supplies in that country are still unhedged.

World shipments of wheat and flour from August 1st to September 23rd were 87 million bu compared with 59 million last year. For a while, at least until the European tension subsides, there might continue to be a fairly good export trade, although actual requirements of Europe are hardly larger than last year for ordinary needs. Just how much will be set aside for war reserves remains to be seen.

Primary receipts today were 991,000 bu versus 1,168,000 bu last week, and 971,000 last year. Receipts everywhere in the Southwest are moderate, and there is no pressure on part of farmers to sell. The same is more or less true in the Northwest, where Minneapolis and Duluth had 325 cars today against 293 last week, and 287 last year. We expect to see a moderate decrease in the visible supply again on Monday. Up to the present time Kansas City and Minneapolis show a net decrease of 128,000 bu.

Very little attention is being paid to news from the Southern hemisphere, although time passes quickly, and before so very long there may be some forward sales from those two countries. It was reported today that weather in the Argentine was warm with good rains of about one inch received in South Buenos Aires, and the Pampa, which benefited crops considerably. It was also claimed that these rains were moving northward.

There is not a great deal of change in the open interest, speculation being about on an even keel, with 105 million bu of open contracts now being reported by the government. Should later on acreage reductions or crop scares become market factors, of course, it would bring in renewed interest on part of traders, but at the moment supplies seem to be ample for all purposes, and not a great deal of bullish enthusiasm exists except that which came about when the war scares were more pronounced.

At the last December wheat had declined 1 1/2¢ per bu, while the May was 1 5/8¢ per bu lower.

The volume of corn transactions was rather light. The yellow cereal was somewhat weaker, the farmers seem inclined to sell, and this cereal looks high to us compared to wheat.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 29, 1938.

Political excitement had quieted down and the conference at Munich between the heads of the four important European nations continued, but no information came from the parley, so that the wheat market again came under the influence of more normal factors. Prices at Liverpool had declined quite sharply, losses of three to four pence being registered at the close, and since yesterday's opening there had been a decline of nearly 10¢ a bu, apparently with the expectation that an amicable solution of the Central European matters would result from present discussions. Exporters offered more freely, but after the large business which had taken place, demand seemed to lag, and while there was a moderate inquiry for Canadian and Australian wheat, we did not hear of any important business from the U.S. Estimated Argentine shipments this week were somewhat larger --1,323,000 bu, while the Black Sea ports shipped slightly in excess of two million bu, which included 1 1/2 million bu from Russia.

Mr. Broomhall still estimates that importers' requirements this year will total 548 million bu. This would be at the rate of 10,538,000 bu per week. Since August 1st, weekly shipments have averaged slightly better than this quantity, and should the Southern Hemisphere crops come through according to present promise, it will be no trick to supply the remaining 461 million bu during the 44 weeks of the season. Since July 1st, the actual overseas exports from the U. S. of wheat and flour amounted to 27 million bu. This would leave available for export, 242 million bu, taking into account the necessary carryover of about 125 million bu, and also allowing for home requirements of 700 million bu.

In Canada there is still a very large reserve because exports up to the present time have hardly made an inroad into supplies. Since August 1st, only 18 million bu wheat and flour have actually left the country, and this is not a great deal more than for the corresponding period last year, when the crop was much smaller. If we deduct 100 million bu for home needs there would still be a balance for export and next year's carryover of close to 265 million bu, compared with only 105 million bu in 1937. Of course, there is some wheat in Canada sold and not yet shipped, and during the past few days the volume of business has been on a heavier scale. However, the recent Canadian exports have not been large and for the week ended September 23rd, less than 3 1/2 million bu was put afloat. Considering that we are drawing nearer to close of navigation, one would imagine that greater efforts would be made to effect foreign sales.

There was not a great deal of pressure upon the market, as receipts generally were rather light. Minneapolis and Duluth had 389 cars today, compared with 230 last week and 261 last year. The one market which is still getting the heaviest run is Winnipeg, where 2,317 cars were inspected today, against only 767 last year. Possibly this was the reason for comparative weakness up there, and Winnipeg May wheat, which recently sold at several cents over Chicago, again went to a discount.

There were further rains reported in the Argentine, and it was claimed they were quite general last night, and falling again today. The extreme dry north received kindly relief, and, of course, coming at such a propitious time, is very important.

Primary receipts were 997,000 bu, or practically the same as last week and compare with 1,032,000 bu last year. Stocks at Kansas City and Minneapolis so far this week show a net decrease of 206,000 bu. Canadian country marketings were again very large, amounting to 4,327,000 bu; it seems that the farmers are quite content to sell their crop on basis of 80¢ Fort William for #1 northern, not being very optimistic that by holding back they might be able to get a better price later in the season. It is hardly possible with such an enormous movement that the Wheat Board could have hedged all of its supplies. While ordinarily at the close of navigation there is a good opportunity presented in buying Winnipeg futures and selling Chicago, it may be somewhat different this year, as when sales are made abroad there will not be the usual removal of hedges from the market to act as a sustaining influence.

At the last prices in Chicago showed an advance of 1/4¢ per bu, and despite the more peaceful political developments there was neither very heavy liquidation nor any appreciable amount of short selling.

Corn was somewhat lower. The primary movement is quite heavy now; today for instance, it was almost four times as large as a year ago, and apparently with the mild weather the plant will probably escape frost which would cause injury.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 30, 1938.

Following the agreement at Munich yesterday, all markets were slowly settling back to more normal conditions. Liverpool was considerably lower today; in fact, they were almost back to where they were before the war scare started. The firmness of sterling was also a weakening influence, so far as Liverpool grain was concerned, and as we figure it, every seven points' fluctuation in sterlin is equivalent to about 1¢ a bu in the price of wheat. However, there were other factors with Russia and Canada offering wheat freely and after the recent large business, the demand today could only be regarded as fair. We did not hear of any sales from the United States, and with Winnipeg having gone to further discounts under Chicago, it might mean that the FSCC may have to increase the subsidies, or else new business is apt to suffer. It was generally felt that without encouragement from abroad it would be difficult to boost prices here, and for that reason, there was more or less liquidation, particularly by those holders who apparently had purchased only with the belief that actual war might bring about higher prices.

There were also beneficial rains in the Argentine, and according to Broomhall, these will prove most welcome, particularly in the northern provinces where it was becoming quite dry. In the back of some traders' minds there is still the thought that while the government has the desire to see higher prices, there may be great enough efforts from time to time to be of some help. We wonder in our own minds whether the exportation of 100 million bu wheat will be sufficient to really bring about a great change, unless later on acreages in the winter wheat belt are sufficiently reduced to give us a materially smaller crop next year than was produced this season.

President Roosevelt stated that the conference yesterday with Secretary Wallace and Secretary Morgenthau, together with the head of FSCC, had been conducted with the idea of surveying generally the entire wheat situation, and further stated that what the government is attempting to do is to move wheat. We believe that as these findings continue they will also learn that every other exporting nation has been attempting to do the same thing for the past twenty years, and we have already had reports fromAustralia that there may be subsidies or bounties, so that wheat can leave the country and not pile up to become burdensome in home markets. Of course, the trouble with all these plans is that the consuming countries, which are importing grain, do not require the large quantities which they formerly did. As we mentioned in our market letter yesterday, Broomhall's figure for import requirements suggests that only 548 million bu will be needed. Such a quantity could probably be supplied by Canada, Argentina, and Australia, leaving out entirely Russia, and the United States. What we seem to miss is the large business that was done during more prosperous eras; for instance, in 1928-29, world shipments totaled 928 million bu, and the year before that, 793 million bu, while in 1926-27, 814 million bu were shipped to European and ex-European nations by the exporting countries. However, there has not been a large year of absorption since 1931-32 when 770 million bu were needed, and we presume the economies in European countries, as well as their desire to become self-sustaining, has put a crimp into the actual demand. The fact also that so many foreign nations have imposed high tariffs upon wheat has not helped the situation, and until many of these conditions change, we can not be too optimistic about finding a solution for existing problems. When we consider also that Canada, Argentina, and Australia have tremendously increased their acreages, which in turn brought about greater production as compared with pre-war years, we can easily see that those nations, with small populations and large surpluses cannot sit back, but must rather force their supplies into consuming channels.

The foreign news generally was regarded as constructive, despite the great sacrifices imposed upon the Czechs. Mr. Chamberlain, in speaking of the second agreement signed by himself and Hitler, stated that the Anglo-German naval agreement was symbolic of the desire of these two peoples never to go to war with one another again.

(O V E R)

He was resolved that the method of consultation would be adopted to deal with any other question that might concern the two countries, and that, therefore, the two were determined to continue their efforts to remove possible sources of difference, and thus contribut to the assurance of peace in Europe.

Statistics today were unimportant as a market factor; primary receipts amounted to 1,055,000 bu, which was much in line with last week, and compared with 1,199,000 bu last year. So far this week stocks at Kansas City and Duluth show a net decrease of 730,000 bu. We expect a moderate shrinkage in the visible supply on Monday, which will compare with a decrease of 251,000 bu a year ago. Canadian country marketings were slightly over 4 million bu versus 803,000 bu in 1937.

At the last our December wheat showed a decline of 1 3/4¢ per bu, and the May was also lower, closing 1 5/8¢ per bu off.

The open interest has gone down a trifle, and it seems there are no great incentives at the moment until new factors develop.

Corn was weak. There was a large run from the country, and these offerings, together with good crop prospects, without a very large export business, were sufficient to bring in additional hedging sales, with some liquidation on part of tired longs.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 3, 1938.

Grain markets continue to be of a more settled nature, although trade was very quiet. Over the week-end frost was reported in the Province of Cordova in Argentina, but very little attention was paid to this factor as it was considered that their season, which is just six months in advance of ours, would correspond to April 3rd in this country; therefore, it was considered unimportant. However, it may have had bearing upon Liverpool prices, which showed advances of 7/8 to 1 1/4¢ a bu, but we think that a more important item lay in the fact that of the world's shipments this week a larger percentage was destined for the Continent, and, therefore, a slight improvement in the British demand was noticeable. The world's exports amounted to 10,895,000 bu. This was larger than last year, and also greater than last week, so that on basis of Broomhall's import requirements, everything is being cared for, so far as weekly average shipments are concerned.

The amount of wheat on ocean passage showed a small decrease, and is now 29,360,000 bu, but is in the neighborhood of 8 million bu larger than the amount that was afloat just a year ago. Little was heard today of export demand, so far as fresh business is concerned, although last week was featured by a fairly good trade, mostly in hard winters from Texas and Gulf ports, and also, some from the Pacific Coast. However, there were one or two occasions when Liverpool prices were terribly strong, and almost all of the overnight offerings had been accepted, but with no more war scares, we feel that the demand will also be more normal now, although reserves may be set aside by more of the large European countries, with the idea of maintaining better stocks just in case of emergency.

As time goes on, increased attention will be directed toward weather in the Southern Hemisphere and while news at the present time is satisfactory in most districts, particularly after the recent rains in northern sections of the Argentine, there has been a dry spell in parts of Australia, with rains reported as needed in the Victoria district.

In spite of the firmness abroad, we only opened fractionally higher, and it seems that there is no great bullish incentive at the moment. While the demand out of Chicago is rather quiet, there have been somewhat larger shipments of yellow hard wheat, but a part of this at least is understood to have been wheat taken on September contracts, and as we view it, too much attention is being paid to the yellow hard wheat now in store in this market. Ordinarily, when crops are large and carrying charges prevail, it is either the red or the hard wheat which finds its way to delivery, and with large quantities still here in Chicago, we can hardly believe that elevators will want to carry stocks from December to May, unless there is at least fair remuneration. During the week just completed there was a decrease of 287,000 bu in our local stocks, and the total remaining here is still 15,134,000 bu, which is quite ample.

Receipts generally are light, so also is the milling demand. In the Northwest, there were 434 cars received at Minneapolis and Duluth compared with 736 cars last week. In the Southwest, receipts at a number of points were a little better than last year, but with the crop so much larger, there is apparently a holding tendency, possibly based on the low price, or because of the fact that farmers may later avail themselves of the government's loan policy. Winnipeg alone had large receipts with 2,505 cars there for inspection, and apparently there is not very much letup as yet in country marketings, which today amounted to 4,424,000 bu compared with 616,000 bu last year. Since the beginning of the season, there has been a little more than 170 million bu marketed, compared with only 66 million bu last year, and in a country where the domestic consumption is comparatively small, the bulk of the wheat must finally go for export, and apparently Europe is cognizant of this; therefore, they will only take supplies intermittently, unless something happens in the Southern Hemisphere to alter present calculations.

Primary receipts today were 1,625,000 bu; this was slightly smaller than last week, but larger than last year. The visible supply increased 801,000 bu to a total of 125,161,000 bu, and is 5,638,000 bu smaller than a year ago.

There was never much feature to the market today; in fact, prices did not fluctuate far from the previous closing level. At the last December wheat showed an advance of 1/4¢ per bu, and the May about the same. Until new incentives arise, we are afraid markets will prove to be uninteresting.

Corn was somewhat lower, the country is fairly eager to sell, and the visible supply increased 2,136,000 bu during the week. Meanwhile, the crop outlook seems to be maintained, and when private experts give their figures it will probably show sufficient supplies for the coming year, particularly with the good-sized carryover.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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141 W. JACKSON BLVD.

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO Oct. 4, 1938.

An official Argentine report stated that wheat and linseed con-
itions were generally satisfactory, also that the backward fields were
ecuperating following the recent rains. The frosts which occurred two
r three days ago were not even mentioned, apparently confirming our
elief that coming this early were relatively unimportant as affecting
he plant. There has been a very large acreage sown, and while still
arly, chances for a splendid crop are possible. This news, together
ith increasing French and Danubian offerings brought about losses at
iverpool, which ranged from 1 1/4 to 2 1/4¢ per bu. The demand in the
.K. was also slow, and without encouragement from abroad it seemed
ifficult to arouse any enthusiasm here, but rather the foreign news
ffected us adversely with first quotations lower, and export demand
rom the United States quite indifferent, so that further concessions
ame about with Winnipeg leading the decline. There was some Manitoba
usiness reported, although the quantity was not regarded as large.

It seems despite the fact that both the Canadian and the United
tates governments are doing their utmost to help farmers that the prob-
em is not an easy one. Possibly the severe declines which might have
ome about without this help have been arrested, but in the end funda-
entals generally play their part.

We now believe that the important factor to be watched is the
rogress in the Southern Hemisphere countries. Even assuming that nor-
al crops are finally harvested, pressure will not develop until much
ater, but it should not be overlooked, regardless of momentary condi-
ions. We do not look for any very great immediate weakness, and pur-
hases which are made by the FSCC with intermittent regularity seem suf-
icient to give us support from time to time as hedges are withdrawn
rom the market. However, after next January quite a different picture
ight present itself. Both Argentina and Australia have limited con-
umption because of small populations, and, therefore, they depend very
argely upon an export outlet. Whether they will finally resort to sub-
idies, bounties, or whatnot, nobody can say definitely at this time,
ut all reliable sources look for a carryover into the 1939 season which
ill be close to a record one, and as stated by the Stanford Food Re-
earch Institute, "would threaten a world-wide surplus crisis, unless
heat-growing nations relax competition and reduce acreages." Accord-
ng to the same authority, the 1938 world wheat yield will be five bil-
ion bushels, or perhaps the greatest in history, and, this, of course,
s often reflected upon those countries which are least able to carry
rain, regardless sometimes of quality or merit. For this reason it
s not surprising that Winnipeg December wheat is nearly five cents
elow the price of the same future in Chicago. There were estimates
iven to the trade today by the private experts, but these were not at
reat variance with the government figures previously issued, and, there-
ore, were of little market value.

In the regular run of news there was little out of the ordinary.
eceipts at Minneapolis and Duluth totaled 651 cars, somewhat less than
ast week but nearly three times as much as was received at those two
oints last year. At Wichita, Hutchinson, Salina, Enid, and Fort Worth
here were 125 cars, compared with 132 in 1937. Possibly if there were
better milling demand this would be felt more, but right now demand
or flour is only fair and the mills are far from aggressive in their
urchases. There was a slight slacking in country marketings in Canada,
esterday's figure showing 3,255,000 bu, but still large in comparison
ith a year ago when only 508,000 bu came forward.

Primary receipts today were 1,033,000 bu compared with practical-
y the same figure both last week and last year. Stocks thus far this
eek at Kansas City and Minneapolis show an increase of 276,000 bu, and
ven with just a moderate country movement there are hardly any inroads
eing made yet upon terminal stocks, although this may start shortly.

At the last December wheat showed a loss of 1¢ per bu, with the
ay declining in about the same ratio.

Trade in corn was fairly large, but the movement from the country
s big, while the export demand is dull. Today's primary receipts
ere 1,477,000 bu versus only 249,000 bu in 1937. The private experts
educed the figures on the crop outlook but slightly under the govern-
ent's estimate, and indications are that the crop and carryover should
e sufficient for all purposes, which accounts for the general indif-
erence and recent weakness.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 5, 1938.

Two days of heavy rains recently in parts of the Argentine have been of great benefit, and crops generally are said to look good, with wheat beginning to head in the early regions. Each day, of course, brings us closer to the movement from the Southern Hemisphere, and apparently Europe is watching conditions very closely. As a result, only a dull export demand for grains was noticed. From advices we received from the other side, it will probably be difficult to sell much wheat from here, as there had been a pretty liberal business during the war scares, and with plentiful supplies in Canada it appears as though the demand is only from hand to mouth. In addition to this, there have been liberal offerings of wheat from European exporters, and from some of those countries surplus wheat is seeking a market at Liverpool. There was some Australian afloat wheat offered at 3¢ a bushel less than yesterday.

All of this had a somewhat bearish influence upon English prices, Liverpool finally registering declines of 3/8 to 1 3/8¢ per bu, October wheat showing the heaviest loss.

Seeding conditions are making normal progress, not only in this country, but in Europe as well. Possibly due to the government's efforts, as well as to the low prices, we shall see quite a reduction here from the record sowing of last fall as far as winter wheat is concerned. However, even granting there might finally be 47 million acres of winter wheat planted, which would be a reduction of more than 10 million acres from last year, it would not be so far out of line with normal conditions, and would still make it quite possible, with average yields, to produce good crops. Therefore, bulls cannot get too much comfort from this fact alone.

As far as general acreage reductions are concerned, we cannot see any reason why the Canadian farmer should cut his acreage next year, particularly as the government has offered such a big inducement to keep it large. In other words, by paying the farmer 80¢ per bu, basis Fort William, there is hardly any incentive to raise less, because he receives a good price while the government takes its loss. There is some talk that similar measures will be instituted in Argentina, but their government has taken no action thus far in applying minimum prices for wheat or corn on the next season's crops, although it has already been authorized by Congress to take such action if advisable. We understand that in Australia there may be a bounty paid to the farmer so that the grain will be exported.

All of these measures as we see them will tend to keep production on more or less of an even keel rather than to reduce it. Should later on great competition come from the Southern Hemisphere countries, it would naturally affect Canada, as well as prices in this country. History has shown us that in the Argentine there has never been a very large carryover from one crop to another, but rather keenest merchandising methods have been pursued so that burdensome supplies would not affect the price for the following year. We appreciate, of course, that in all of these calculations much can happen yet before harvest time. Even under normal conditions there will be crop scares from time to time, so that with wheat selling at present levels caution is necessary until more is known of the actual outcome, but we think anyone who is trading in wheat should bear the matter continually in mind.

Primary receipts today were 1,134,000 bu, which compares with 991,000 bu last week, and 1,048,000 bu last year. Stocks at Kansas City and Minneapolis thus far show a net increase of 242,000 bu. Canadian marketings were somewhat smaller, but, of course, this is bound to come, in view of the tremendous movement up to now, and the fact that winter weather will soon set in. They were 2,213,000 bu compared with 528,000 bu last year.

At the close wheat had reacted from an early break, pressure having been very light, and there was a gain of 1¢ per bu since yesterday for December wheat, with the May up 1 1/8¢.

Corn also followed much the action of the leading cereal; during the first few minutes of trade, prices sold at the lowest point since 1934. The country, however, despite weakness, is offering quite freely, and apparently is influenced because of satisfactory crop prospects. Just what a high loan price by the government will do to the market is anybody's guess, but, in any event, we are not likely to have the export outlet this coming season that was afforded us last year when Argentine produced a poor crop.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

Oct. 6, 1938.

Foreign markets were influenced somewhat by our firmness yesterday, but the response from abroad was only moderate, closing quotations showing advances of 1 to 1 5/8¢ a bu. It seems that France keeps offering wheat at very low prices, and two small cargoes were sold to the United Kingdom, all of which has the effect of creating a poor demand for United States wheat. Even with the subsidy, it is not thought that recent sales to Europe were large, although the FSCC is about the only agency that could do business at all, and they have not published figures in some time.

There was a small scattered Manitoba business, but considering that supplies in Canada are so heavy we do not regard this as either important or sufficient. Total exports of wheat and flour from Canada since August 1st were 23 million bu compared with 17 million bu last year. There remains still nearly 260 million bu either for export or for next year's carryover, compared with about 102 million bu last year.

Our own picture is not too encouraging, because even with the subsidies that are taking place, actual overseas exports since July 1st are but 27 1/2 million bu. On the assumption that we would only want to carry over 125 million bu on July 1st, 1939, there would still be available from this time on 241 million bu to ship; but, of course, everyone knows that nothing like this quantity will leave the country.

There has been an intimation that we shall probably be placed on a parity with Canada, should a reciprocal trade agreement with the United Kingdom finally be enacted, and this is expected within the next thirty days. Officials have revealed that the 6¢ per bu preferential tariff will probably be discontinued, as far as our wheat is concerned, or in other words that we will be accorded the same terms which Empire wheat has enjoyed for the past few years. A matter of that kind might help some, but would simply place us back into the competitive place that we occupied during most of our exporting career.

We, ourselves, are not too hopeful because of the improved business that might be occasioned if tariff upon American wheat is abrogated. It is true, of course, that England takes almost half of the European requirements, but she still needs a fairly large proportion of Canadian wheat because of its fine quality, and later on will be besieged to take large quantities fromAustralia, as well as from Argentina, even though some sacrifices have to be made by the Southern Hemisphere countries.

Russian and Black sea shipments for the week totaled nearly 5 million bu, although nothing was shipped from India. Other exporting countries, outside of North America, are putting very little afloat, so that total world shipments may show some reductions this week, but still Europe is getting along pretty well. According to Broomhall, the importing countries of Europe produced 172 million bu more this year than last; this figure is larger than the original one which the same authority mentioned when preliminary estimates were made.

As far as domestic statistics are concerned, they afforded no surprises of any kind. Primary receipts were 1,355,000 bu compared with 997,000 last week, and 1,143,000 last year. So far this week stocks at Kansas City and Minneapolis show a net increase of 37,000 bu. The best run is still in the Northwest, where carlots today for Duluth and Minneapolis showed 435 cars received versus only 270 cars a year ago.

There were some complaints from the Southwest of dry soil conditions, and in the Robinson report it was stated that considerable seeding had been delayed on that account. There is no doubt but that these operations are behind last year, but from a market point of view this had very little effect as it is regarded that timely rains could still change the picture, and after all subsoil conditions are greatly relieved in comparison with those years when the drought had existed.

At the last December wheat showed a decline of 3/8¢ per bu, and the parity of this month with May remains about unchanged.

Corn fluctuated within a rather narrow range. Primary receipts are keeping up well, although offerings from the country are more moderate. The foreign inquiry for corn is slow; recent arrivals on the other side have apparently relieved the scarcity of spot supplies, with buyers at the moment proceeding very slowing in connection with their new engagements.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 7, 1938.

The Liverpool market appears to be very quiet, and there is no trend at the moment, with traders viewing conditions in the Southern Hemisphere in much the same manner as we do from here. They were, however, influenced by the large Russian shipments and the pressure of low grade French wheat, with the result that closing prices showed losses ranging from 5/8 to 1 5/8¢ a bu.

North America is still furnishing the bulk of importers' requirements, with Argentina shipping at the rate of about one million bu a week, although slightly less than that figure was put afloat this past week. We can figure on a continuation of this business for the next twelve weeks before their season ends, and after that time it will be quite a different story. As Broomhall puts it, guesses this early in the season are not of much value, but some are reckoning on a crop of 256 million bu, which would mean a possible surplus of 160 million bu. There was a law just enacted, lacking only the signature of the President, which would provide for a subsidy, and as we understand it, it would operate quite similarly to the plan now in use in Canada. In other words, a minimum price would probably be paid to the farmer for his grain and then the government through subsidy would dispose of surpluses, although it is claimed that while they would support an international agreement for selling they are opposed to any action that would involve acreage restrictions. Therefore, it is likely, barring bad weather conditions, that there will be ample supplies from that country.

As far as the Australian crop is concerned, there are some localities complaining of dry weather, and while there were a few scattered rains overnight, these apparently were not sufficient to relieve conditions materially. In any event, it is hardly likely that the harvest this coming season will be as favorable as the very large crop of last year, but in any case the latter country would still be an important factor in helping to shape prices during the next twelve months.

There was little export business reported overnight, and we have not heard of any sales from the United States, while even the Manitoba business was regarded as unimportant; so from this point of view the North American situation does not seem to be strengthening. Canada, of course, has had a phenomenal run of grain to market, although from now on they should have relief, and country marketings show considerable slowing up. Yesterday for instance, they amounted to only 1,355,000 bu compared with 580,000 bu last year. However, from one report that we had the government elevators at both Calgary and Edmonton were blocked with wheat, and for that reason an embargo had been placed upon those points.

The FSCC stated today that up to the present time they had purchased 15,657,645 bu of wheat, and had sold 11,504,580 bu, as part of the Farm Administration program to subsidize exports. It was also claimed that total wheat exports, from the beginning of the current season through September 30th, amounted to 31 million bu. There is, of course, some wheat and flour sold which has not been shipped, but it is well to bear in mind that in an ordinary year we do 70 per cent of our export business during the first three or four months, although this will probably not be the case this year, owing to the fact that the government is pushing sales through its subsidy plan.

Primary receipts of wheat today were quite substantial at 1,304,000 bu compared with 1,055,000 bu last week, and 848,000 bu last year. Stocks at Kansas City, Duluth, and Minneapolis show a net decrease of 969,000 bu; the heaviest shrinkage of nearly one million bu was at Duluth, apparently this shift coming prior to close of navigation, and we are looking forward to smaller visible supplies as time goes on. Whatever the decrease may be next Monday, it will compare with a decrease of 1,453,000 bu for the previous year. Despite some dry weather reports in the Southwest, there is still a fairly good movement, with Wichita, Hutchinson, Salina, Fort Worth, and Enid having received 202 cars today against 116 cars last year. Kansas City also had somewhat larger receipts than in 1937. Should the weather map fulfill its promise, there is a chance for scattered rains in the Southwest tonight or tomorrow, which, of course, would be very beneficial.

(O V E R)

At the last December wheat was 1 1/8¢ per bu higher.

Corn opened weak but rallied in sympathy with the better tone of the leading cereal, also indications that the FSCC might buy for relief purposes a little later on. There is also the feeling in some quarters that the loan price will be quite high, and, therefore, would be of market influence. As far as statistics are concerned, they remain unchanged. There appears to be plenty of corn for all purposes, although offerings from the country are somewhat lighter.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO . October 10, 1938.

News from the Southern Hemisphere is being closely watched, and we are now coming into the period when weather is a most important element. Broomhall's correspondent at Melbourne cabled that it had turned cool with no immediate prospect of rain, and a private estimate is for a crop of only 130 million bu, which would compare with last year's bumper yield of close to 188 million bu. We, ourselves, are of the opinion that rains, even though they do not come for a week or ten days, might change the situation again. This has been the case so often in our own country. There was, however, good precipitation in the dry Argentine province of Cordoba; so that the news coming from these two countries was just about an offset.

In connection with moisture, it has been rather dry over large areas of our winter wheat belt, and, therefore, when advices came this morning that parts of the Texas Panhandle had been relieved it caused a little more optimism, as a few of the dry spots received the heaviest rains in some time, measuring as much as 3 1/2 inches, while around Amarillo there was an average of 2 1/2 inches reported, all of which might still stimulate seeding operations, and also benefit wheat already planted.

Liverpool quotations were apparently more influenced by the Argentine than by Australian news, and final prices showed a decline ranging from 1/4 to 1¢ per bu.

It had been thought that world's shipments would be lighter, but with the goodly amount put afloat by North America, there was 10,754,000 bu exported this past week, which is about in line with weekly requirements. The on-passage figures also showed a slight increase, and Europe apparently is getting her supplies by simply adhering to the policy of hand-to-mouth. It is a fact, of course, that during the war crisis Europe bought very heavily, and it may be that some of these purchases are now being shipped both from the United States and from Canada. But according to reliable figures being published with intermittent regularity, Europe is sure of being able to get her normal requirements. It is possibly made all the easier because of the United States government still offering wheat under the subsidy plan, while Canada keeps selling freely, despite the much higher price that is being paid to farmers on basis of 80¢ at Fort William.

Today's primary receipts were fairly good, amounting to 1,374,000 bu; they are a little bit smaller than they were last week, but quite a bit bigger than last year. It seems that Southwest receipts are keeping up, and today for instance there were 369 cars received at Wichita, Hutchinson, Salina, Fort Worth, and Enid compared with only 153 last year. When the visible supply was published it showed a decrease of 892,000 bu, or about the same as last week's gain. A year ago the shrinkage was 1,453,000 bu. We have now within 5 million bu of the quantity that was in store at various visible points in 1937. Chicago stocks hardly changed during the week; in fact they showed a minor increase, but as we understand it, since these figures were compiled some wheat is moving from here Eastward.

Today's market could be characterized by lack of interest. No one seemed to venture very far from base, and while there was a slight rally at one time, the close was unchanged.

Corn was somewhat lower. There is still a good primary movement, and farmers apparently have enough left in reserve so that any advance bookings to market would increase. The important thing, of course, is that a good crop is in prospect. Later in the day the government will furnish us with its estimate on corn, and also a figure on the spring wheat, although these are likely to be much in line with the private estimates.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 11, 1938.

Light as trade has been in this market, advices from the other side indicate that it is even more restricted at Liverpool, where the smallest trades easily influence prices. The fact that there had been some further rains in the Argentine, tended to offset the dry condition in Australia, and at the last, Liverpool showed small changes with advances being just fractional for all delivery months. According to one authority, the rains which fell in the northern sections of the Argentine were distinctly useful as they occurred in the dry areas of Cordoba and Santa Fe where the acreage is quite large. The Provinces of Entre Rios and Northern Buenos Aires were also benefited and the weather remains unsettled, although the Southwest is still unrelieved. Apparently Europe is not much concerned over its supplies for the next few months, even though the condition in Australia is about 20 per cent poorer than at this time a year ago. This comparison must take into consideration that last year conditions were almost perfect and finally a bumper crop was realized, but with the lower temperatures that now exist, further deterioration might be arrested, and, of course, there is still the chance that precipitation can do lots of good, as it is early in the season, being about equivalent to April 11th in this country when we ordinarily have our showery period.

In export circles there was lack of interest for American grain but a small Manitoba business reported, and apparently, Europe is going slowly now as they had bought in large quantity during the war crisis, and from this time forward it looks as though just immediate requirements would be purchased, unless, of course, Southern Hemisphere news should alter present calculations. The Northwest receipts have shown a distinct dropping off. Today there were 310 cars at Minneapolis and Duluth, compared with twice as many last week, while there was a holiday a year ago. Yesterday's trade was light in preparation for the government report, but when issued after the close, it showed no important changes from the previous figures. The total for all wheat is still 940 million bu, and even assuming disappearance of 700 million bu for domestic purposes, or the same as last year, we are bound to add considerably to our carryover, even with the export subsidies that are taking place. There also appear to be ample stocks of wheat on farms, approaching what they were before the drought years. On October 1st of this year, these farm stocks were 407 million bu, compared with 333 million in 1937, and only 227 million in 1936. As Broomhall expresses it, during the drought years of 1933-36, farm stocks were only around the 250 million bu mark. From this we draw our own conclusions that even with loans which the government will make in individual cases, there will always continue to be a certain amount of free wheat, and as in other years, the surplus finally makes the price.

Primary receipts were 753,000 bu, compared with 1,033,000 bu last week, and the Columbus Day holiday a year ago. So far this week stocks at Kansas City and Minneapolis show a net increase of 192,000 bu.

While there has been a great deal of comment upon the heavy marketing of grain in Canada, it is interesting to see how this has affected the situation at terminal points. The visible supply increased nearly 12 million bu this week to a total of 165 million bu against only 74 million last year. We must assume, however, that the usual hedging facilities were not applied in the same proportion as ordinarily, and, therefore, as the grain is sold there will not be the corresponding number of hedges removed. From that point of view it must affect spreading relationships differently from other years.

At the last our market showed a decline of 1/4¢ per bu, with no particular feature at any time.

Corn was little changed from the previous close; there are still too many uncertainties in connection with the government loan. We have seen, however, that in both wheat and cotton loans may have had a sustaining influence, but did not prevent values from declining beneath those levels. Yesterday's government report on the crop outlook was about in line with the private experts'. The amount of old corn on farms was 352 million bu, or the highest for that date in the last thirteen years of record. Compared with the scanty supplies that were on hand a year ago of 60 million bu, it is, of course, a great change, but the ten-year average is only 180 million bu, so that even with a crop failure in the Argentine, which permitted us to do a larger share of the export trade, we have been able to build up substantial reserves.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO October 13, 1938.

On a single day last week the Treasury's gold stocks increased $657,000 to a total of nearly $14 billion. This is the highest on record. As we have pointed out often, it must not be forgotten that fundamentally there is a tremendous gold production, and, consequently, an excess of supplies compared with the demand; and somebody will have to carry the load. Most European nations are not financially able to do so, and the burden for the absorption still rests with us.

The question of inflation, which was in the minds of almost everyone two or three years ago, has almost slipped into the discard. This was brought about because many who were inflationary-minded were probably too early in their calculations; and in a country as resourceful as ours, it naturally takes a much longer time before the full effects are felt. Then, too little attention was paid to our vast gold accumulations, as long as we were willing and able to pay $35 an ounce for all the surplus gold that came to our shores. We still are by far the largest buyer, and should our policy be changed at any time, of course, the price of gold would decline; but there is no reason at the moment for thinking that this will be done.

The recent strength in securities is undoubtedly due to an improvement in business and a better psychology. These two factors in turn are probably influenced to some extent at least by our monetary policies.

Commodities do not always immediately sympathize with inflationary tendencies, particularly when there are burdensome supplies. We remember that all during and after the war when almost everything advanced in price, coffee remained around the depression levels because there was too much of it. The same might be true of wheat this coming season, should the Southern Hemisphere produce average crops. At the moment the outlook is very favorable in the Argentine, from point of view of moisture. Over the holiday there was further precipitation in practically all provinces, the heaviest of which was reported in the provinces of Sante Fe and Buenos Aires. Unfortunately, Australia has not fared nearly so well, and outside of light partial rains in New South Wales, there was very little relief elsewhere, so that unless conditions change within a short time, they are almost bound to have a poorer crop than last season.

The trade in Liverpool was somewhat apprehensive regarding the ultimate outturn, and yesterday quotations were quite strong while our market was closed, but because of the poor response in Canada there was some reaction abroad, with Liverpool for two days showing advances of only 3/4 to 7/8¢ a bu.

There was not a great deal of export business reported, despite the fact that shipments generally were light. From the Argentine it was estimated that only 330,000 bu were placed afloat this week, and with just moderate reserves in Australia, not much is expected from that country until after the next harvest. There was, however, 2,184,000 bu shipped from the Black sea, which was smaller than for the previous week.

Our market was fairly firm. The FSCC announced another expansion of its wheat-buying program in areas where storage facilities were not available. These districts, included Kansas, Colorado, and Nebraska, where farmers are eligible for the Commodity Credit loans. Secretary Wallace also announced a new plan on part of the Farm Administration to subsidize domestic consumption of surplus agricultural products, although the exact operation has not been determined yet. It was also understood that Treasury officials were considering a loan to China for the purchase of American wheat. All of these advices fromWashington created a slightly better sentiment.

(O V E R)

Very little encouragement was derived from Canada, where count marketings still remain heavy. These amounted to 2,316,000 bu compared with 526,000 bu last year.

Not only has the movement from farms been tremendous this year but the percentage of contract wheat ran very high, being 84 per cent against only 67 a year ago. Then too, the percentage of Durum was much smaller, because this year only 9 per cent of it graded Durum while a year ago, with a smaller crop, 29 per cent was Durum. Therefore during 1937 there was much less bread grain either for home purposes or for export. There has also been some moisture over the western provinces, which should now be beneficial for fall plowing.

Primary receipts for two days were 1,494,000 bu compared with 1,355,000 bu for a single day last week, and 873,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 24,000 bu. Southwest carlots for two days totaled 322 cars at five interior points versus only 98 cars last season. The volume of new flour sales last week showed a marked dropping off to the lowest level in months. This, however, was to be expected, because during the war scare all classes of buyers had laid in larger reserves. The Northwestern Miller in its weekly tabulation stated that bookings in the Northwest were 33 per cent of capacity against 104 per cent the previous week, and 139 per cent last year. In the Southwest bookings were 30 per cent this past week compared with 73 per cent a week ago, and 39 per cent a year ago. Included in the business were some federally subsidized export sales, mostly from the Southwest.

At the last December wheat showed an advance of 7/8¢ per bu from the previous close, and May advanced in about the same proportion.

Corn was comparatively quiet; the primary movement is keeping up well. Washington reports an increase in the number of cattle to be fed for market during the next six months as compared with last year although claims that the increase is expected to be small.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO October 14, 1938.

During the war scare crisis the British pound sterling had sunk to about $4.60, and there were times when official assistance had been temporarily withdrawn. After confidence was restored the rate advanced sharply, recovering over twenty points, but during the last few days the view has been gaining ground that with the great rearmament program and tremendous expenditure that it might be difficult to hold sterling at around the pre-devaluation parity of $4.86. The fact also that some financial assistance is being granted Czechoslovakia, in view of the already overburdened budgetary situation, has given rise to some misgivings. Unemployment in Britain also rose, and last month the number of unemployed showed an increase of nearly 40,000, which may require larger expenditures in the form of a dole. Should the sterling rate decline, it would undoubtedly bring about higher wheat prices, based on English currency, and possibly this is being discounted at the present time, although we believe that drought in Australia was probably the paramount reason for today's firmness in the early transactions.

At the close nearby deliveries were fractionally lower, while the deferred months were just a shade higher. It seems that outside traders are becoming more interested in the deferred Liverpool positions because of the need of immediate general rain in Australia. According to Broomhall's correspondent at Melbourne, some sections are already reporting a critical condition and widespread deterioration, although the coolness which prevails may make the outcome less severe, should moisture soon occur.

As contrasted with this news, Argentine conditions are excellent, following the heavy rains which fell over the entire country on Wednesday and Thursday.

Early indications pointed to a good business in Manitoba wheat, but practically nothing so far as we could learn for American. Canadian clearances have been averaging somewhat better during the past two weeks, the rate being about 5 1/4 million bu weekly, which is the heaviest so far on this crop. Since August 1st to October 7th, there has been slightly less than 29 million bu of wheat and flour cleared, and allowing for normal domestic consumption, it would leave 254 million bu either to ship between now and the next harvest, or else carry into the 1939 season. This would compare with only 99 million bu for the same period a year ago.

Actual overseas exports of United States wheat and flour since July 1st, which was the beginning of our season, were just slightly larger than Canadian clearances at 29,600,000 bu. This would indicate that there is now available for export nearly 240 million bu after providing for prospective utilization at home and an assumed carryover next July of 125 million bu. Thus it will be observed that North America has very ample reserves and could practically insure importing countries of their requirements without help from other sources. Of course, we know that this will not be the case, as even with a short crop in Australia they will have a surplus to dispose of, and from the present outlook in Argentina that country might later on be a very important factor.

We often talk of the United Kingdom because almost half the European imports are taken for that country, and during the first eight weeks of the crop season, she has imported about 6 million bu more wheat than last year, and virtually the same amount of flour. There seems to be a rather uniform consumption going on, and with the knowledge that the Canadian visible supply is 91 million bu greater than last year, there is the assurance that their requirements can be fully met.

Primary receipts were quite heavy today at 1,457,000 bu, or about double of what they were last year, and slightly larger than last week. Stocks at Kansas City, Duluth, and Minneapolis so far this week show a net decrease of 67,000 bu. We do not look for a very heavy shrinkage in the visible supply on Monday; it will compare with

(O V E R)

a decrease of 1,144,000 bu a year ago.

The Modern Miller reported highly beneficial rains during the week in parts of Kansas, Missouri, Texas, and Nebraska. The new wheat crop is reported making a fair start in many sections, although additional moisture is needed over wide areas.

The trade is still trying to get its bearings with so many governmental issues under discussion. Lack of outside trade is one factor now being keenly felt, and it seems that speculation is at low ebb, needing almost more than anything else return of confidence.

Canadian country marketings are still enormous for the time of the year, yesterday they amounted to 2,179,000 bu versus 438,000 bu in 1937.

It was announced that President Roosevelt would address the nation tonight from his study, and would discuss the mobilization of human needs.

At the last changes were only fractional, with December wheat advancing 1/8¢ per bu.

Corn likewise was little changed. Mr. Wallace in his speech this morning at Springfield urged corn-belt farmers to increase participation in the present farm program. There is at the present time a carrying charge of about 3 1/2¢ from December to May, which is inviting to elevator interests, as contrasted to only 1¢ in wheat. There is still a very large movement from the country also, and it is likely that storage facilities at Chicago will soon become more filled with another corn crop soon available.

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 17, 1938.

Broomhall, the international statistician, gave some very en-
ightening figures today, and in this review he covered the world wheat
ituation, leaving out Russia and China. The European wheat crop is
bout 265 million bu larger than last year; non-European countries
ave raised about 223 million bu more than in 1937; and his estimate for
he Southern Hemisphere is for an increase of 33 million bu, probably
aking into account even the dry situation now existing in Australia.
n that basis total wheat production is 521 million bu greater than
year ago. When we further consider that the rye crop of the Northern
emisphere is 114 million bu larger than the previous season, it cer-
ainly shows ample stocks in all positions. With this in view, it is
quite apparent that there can be considerable deterioration in the
outhern Hemisphere without causing any great alarm, or without giving
a basis for real bullish market activity.

Today's news was not particularly stimulating, and at the last
iverpool quotations for the active months showed declines ranging
rom 1/4 to 1/2¢ a bu.

We heard very little of any important export business either
rom this country or Canada. World shipments were smaller this week
t 9,884,000 bu compared with 10,754,000 bu the previous week and
0,884,000 bu last year. Since July 1st, they amounted to 158 million
u versus 125 million bu last year, or 33 million bu larger. Inasmuch
s the imports of wheat and flour into the United Kingdom since August
st are only slightly larger than last year, and very much the same as
n an ordinary year, the excess of clearances must have gone to the
ontinent to build up reserve stocks. Europe apparently feels con-
ident that she may be able to get a large portion of her needs from
anada. Marketings up there keep up at an enormous rate, and on
aturday amounted to 2,379,000 bu. Since August 1st, total marketings
re 200 million bu. This is the largest for the same period since
932, but in that year the crop was considerably greater, having yield-
d 422 million bu for the three provinces, which is about 90 million
u more than was raised this year.

It is somewhat surprising that in our own country where extraor-
inary inducements have been made to the farmers that they have not
hared more fully in the government loans. When figures were released
ast Saturday, it was shown that the CCC wheat loans up to October
3th covered only 15,177,480 bu, or a total monetary borrowing slightly
n excess of $9 million, which is on an average of 60.68¢ a bu.
ossibly the fact that the government machinery was late being set
nto motion may have accounted for some of it, but certainly not all.
here is still a fairly large movement from the country, and today at
alina, Wichita, Hutchinson, Fort Worth, and Enid there were 292 cars
eceived compared with only 142 last year. Kansas City had a large
un, amounting to 274 cars versus 120 in 1937. The primary movement
as 1,520,000 bu against 1,374,000 last week, and 868,000 bu a year ago.
hen the visible supply was posted it showed just a slight increase,
mounting to 3,000 bu to a total of 124,272,000 bu. There is in all
ositions 3,930,000 bu less than was held at various visible supply
oints the previous season. Chicago stocks showed a shrinkage of
54,000 bu, but there is still slightly over 15 million bu of wheat here
n elevators and afloat.

Our market was more or less featureless, and declines which took
lace were probably due largely to lack of interest. According to
fficial figures, the Chicago grain trade so far this year is the
ightest since records were kept, and unless there is some improvement
he full volume for 1938 may only be slightly more than half of what it
as the year before.

At the last December wheat showed a decline of 5/8¢ per bu.

(O V E R)

While temperatures continue unusually high for the season over southwestern, central, and eastern sections of the winter wheat belt, there were indications for showers in parts of Nebraska and Kansas, which, of course, would be favorable.

Corn was inclined to be easier on general discouragement; most of the buying it seemed came from shorts. The primary run was larger than the week before, and a year ago. Today's receipts were particularly heavy, and some seem to think that part of the coming movement may consist of government holdings as loans expire, and the grain may be shipped to market. According to the U. S. Bureau of Agricultural Economics, supplies of feed grains on October 1st were the largest since 1928 with the exception of 1932. The supply per grain consuming animal unit is unusually large, at 1,560 pounds compared with an average of only 1,370 pounds for the 15-year average. Under the circumstances, it is difficult to find encouragement for bullish activity, even though some corn might be held back because of the loan price to be announced later on.

Oats were dull, and have been so for quite a while, but there seems to be no general interest with the feeding situation such as it is today.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO October 18, 1938.

In our yesterday's market letter we gave some rather bearish figures on the world's wheat production, and purposely omitted Russia and China, which are the two largest wheat producing nations. In an ordinary year these two countries have had crops totaling as much as 2 billion bu, which would compare with a crop of about 3 1/2 billion for the balance of the world, or almost 40 per cent.

There is no official estimate available of the Chinese crop, although the Shanghai representative of the U. S. Bureau of Agricultural Economics reckons the production this year at only 616 million bu versus 636 million in 1937, and 848 million in 1935. Such an estimate is the smallest for the period for which records have been taken.

Now, as far as Russia is concerned, she is known to have an excellent winter wheat crop, but spring wheat yields are frequently light. The total outturn might possibly be computed at 1,080 million bu compared with 1,200 millions in 1937.

The reason for the general indifference as to what happens to the production of these two countries lies in the fact that both depend more or less upon their own internal markets, and neither imports nor exports a great deal, although shipments from South Russia since August 1st have totaled 27 million bu this year, which is almost as much as Canada has put afloat. It is true that China does purchase minor quantities every year, chiefly for the populace in her large ports, where supplies can be secured for less money than from the interior. However, variations from year to year are so small that only in periods when their rice crop is very deficient, or the world wheat prices are abnormally low does she enter into calculations. Therefore, it may be concluded that the main influence on prices must come always from those countries which have the largest quantities to export, as well as from others which must import heavily. Oriental reports continue to speak of an active demand for overseas flour in China, where import duties have been temporarily suspended, and Australia is competing keenly for the trade although possibly the United States and Canada will also enlarge somewhat their Far Eastern market in the near future.

Prices at Liverpool today showed great weakness. October wheat declined as much as 2¢ a bu, while the more deferred deliveries broke from 3/4 to 1 1/4¢ a bu. As an indication of what British buyers are thinking, it is well worth noting that even though October wheat is selling at the equivalent of 70 1/2¢, May wheat is only bringing 66¢; so apparently they believe that the trend will be lower after the Southern Hemisphere crops are gathered.

It is still dry in Australia, but as an offset to this there were fine rains in many parts of the Argentine. The only province which was missed entirely was La Pampa, other areas either receiving anywhere from moderate relief to over one inch. The crop comment from that country also is very favorable, and this we believe was one of the main influences in Liverpool, although the sale of a large quantity of French wheat to a British miller was also confirmed. There seems to be a large surplus in France this year, and according to Reuter, it is planned that close to 50 million bu will be set aside for a security stock, and possibly attempts will be made to export 15 million bu; and at times we may, therefore, expect this selling to have a bearing upon Continental markets.

There was very little heard of any export business, although a small quantity of Manitobas was apparently sold for export..

Receipts generally were moderate today; at Minneapolis and Duluth they totaled 391 cars compared with 310 last week and 204 last year. At five southwestern points in the interior, there were only 8 cars of wheat received today against 104 last year.

(O V E R)

Primary receipts today were rather light at 748,000 bu versus 763,000 bu last week, and 638,000 last year. Kansas City and Minneapolis stocks so far this week show a net increase of 69,000 bu. As the milling demand is rather quiet we do not look for any large decrease in the visible supply for the next few weeks.

At the last December wheat was practically unchanged, and trade was extremely light. There seems to be a slight tendency for carrying charges to widen, and this is quite natural in view of the fact that elevators can afford to be more independent now because of the larger carrying charge in corn, and the fact that it pays better to carry the yellow cereal. Therefore, should deliveries be made in wheat on December contracts, even if same is ordered out, it might be a blessing to the elevators as they could then fill up with corn and probably do better. Local stocks of 2 yellow hard wheat increased 131,000 bu this week to a total of 3 1/2 million bu, and stocks of #2 red wheat also increased to 2,188,000 bu.

Corn was somewhat lower. With the large carryover and good crop prospects the primary movement keeps up pretty well. We are fortunate in that the foreign demand should be pretty fair during the next four to six months until Argentina produces another crop. However, the export demand seems hardly sufficient at the moment to create more than a slight cushion as some liquidating sales take place.

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CHICAGO MERCANTILE EX.

CHICAGO Oct 19, 1938.

After our market closed yesterday, there was quite a vigorous rally in securities upon the announcement that the General Motors Company would re-employ 35,000 men at their various plants. It was felt that this would increase employment figures sharply in the Detroit and Toledo areas, and thereby help various allied industries also.

For sometime business men have felt more encouraged, and besides this, our ever-increasing gold stock has provided a basis for expansion. Cheap money policy paved the way for it. Gold is still arriving fromEurope in large quantities, and yesterday for the first time our supply in the United States exceeded the $14 billion mark. In a little less than three months it has risen a billion dollars, and never before has one country acquired such an amount of gold in so short a period. Nobody seems to talk nowadays about a superabundance of gold, but yet the world monetary supply of the metal is considerably larger than at the time of the gold scare. During the last two months much dishoarded gold found its way to the official American gold stock, and gold production has not slackened in any way. While many argue as to the time element when inflation will become a real factor, we call attention to it because of the feeling that when finally its force is felt, it will have far-reaching economic effects. The movement will finally lead to a substantial rise in the price level, which in turn would go a long way towards relieving the real burden of the public debt, even in the absence of further devaluation.

Our wheat market was influenced mainly by the better tone at Liverpool, where closing prices showed advances ranging from 1/2 to 3/4¢ a bu.

The dry weather in Australia is causing some anxiety, although actually this should not prove to be so alarming as France will have a large surplus to partly offset that deficiency, and, moreover, prospects in the Argentine are extremely good at this time. Cable advices to the Northwestern Miller are highly optimistic, particularly after the rains that fell last week. Although it is premature to make actual crop forecasts, the Minister of Agriculture in that country characterizes the wheat situation as ranging from good to very good; so that finally a crop equal to the one in 1934 might be realized, when Argentine exported 170 million bu. That, of course, would offset prospective present losses in Australia.

There was a fairly large export business reported in Manitobas, and probably some hard winters from the Gulf. There were hints that the United Kingdom has bought a fair-sized quantity of French wheat for shipment over a six-month period, and this may have been for the account of the British government, but actual details are lacking.

Since August 1st, world shipments to European countries are 35 million bu larger than last year, while ex-Europe has taken 4 million bu more. The recent clearances from Canada are a little bit more encouraging, and this week's wheat and flour shipments were slightly over 3 million bu. However, they have such tremendous stocks up there that it will take a long time to reduce them to more normal proportions. There is at the present time 171 million bu in all positions, exclusive of the stocks in farmers' hands, and this is 98 million bu more than was held the corresponding period last year. Country marketings are still very large, and yesterday amounted to 1,236,000 bu versus 492,000 bu last year. Of course, with winter weather setting in soon, the country movement is apt to drop off sharply, but even then there will be a heavy movement from the country elevators to terminals, and just now this is larger than the farmers' deliveries to country stations. This week 12,682,000 bu were loaded out from elevatorw in the country, and we believe that only a part of this wheat is being hedged in the pit, but still with this situation when advances take place in Chicago, the response in Winnipeg seems to be only partial.

(O V E R)

Our Northwest carlots in Duluth and Minneapolis were only 170 cars today; there was a holiday last week, and a year ago there were 166 cars. Primary receipts today were 851,000 bu compared with 735,000 bu last year. So far this week, Minneapolis and Kansas City stocks show a net increase of 29,000 bu.

At the last our market showed an advance of 1/2¢ per bu for the December wheat. There was a slight widening of carrying charge between the nearby month and the May delivery. Some of the firmness was in sympathy with a better feeling which existed in corn, although others made purchases because they considered that weather in the Southwest was too dry. There had been some overnight moisture along the Missouri-Kansas border, but in many other areas east of the Mississippi rains are needed for proper germination. Great enthusiasm however, was lacking, as the flour trade continues very dull with the volume close to the low level experienced last week. According to the Northwestern Miller sales in the hard winter wheat regions averaged 34 per cent of capacity compared with 111 per cent a year ago, while the spring wheat sales averaged 32 per cent versus 163 per cent a year ago.

Corn did somewhat better. There was a little improvement in the export demand, and declines had been quite heavy, so that reactions were quite in order; moreover, rains over the central states might bring about a smaller country movement for a few days, and traders were inclined to look for a further rally.

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CHICAGO MERCANTILE EX.

CHICAGO October 20, 1938.

First quotations at Liverpool were rather indifferent this morning. There had been a forecast of showers for Australia, but the market held fairly steady on fears of frost in the Argentine, and actually a report did come from the Province of Pampa and other scattered areas that temperatures had been quite low. However, if an analysis is made, it should be remembered that the period down there compares with about April 20th, in this country, and, therefore, does not have to be regarded as very serious, because wheat seldom joints that early in the season. When our opening prices ranged somewhat lower showing no apprehension, it changed the entire tenor of the market abroad, with Liverpool finally registering a loss of 1 3/4¢ for the October delivery, and declines of 1/2 to 7/8¢ for the deferred months. At the present time, May wheat in Chicago is selling at 67 1/2¢ a bushel, while May wheat at Liverpool is only 65 7/8¢, so actually the foreign market is at a discount. Even with the subsidy of 14¢, wheat at the Gulf is selling at about Chicago December price, and later on it will probably sell pretty close to the price of our May wheat; therefore, Liverpool looks very reasonable, as we have not taken into account either freight charges or the 6¢ duty which at present is assessed upon all American wheat entering the United Kingdom.

We still have a very large quantity of wheat in this country, and up to the present time actual overseas exports of both wheat and flour have amounted to only slightly more than 31 million bu. Conceding that 700 million bu will be used at home, or the same quantity as last year, and figuring on a carryover next July of 125 million bu, there would still be available for export 238 million bu at this time. Of course, nothing like this figure can be reached, and finally we shall be compelled to carry into the next crop much more wheat than was on hand last July. Then there is also the Canadian situation which is improving as each week passes, but still has a long distance to travel before it may be considered comfortable. Their total wheat and flour shipments since August 1st amount to 32 1/2 million bu. Deducting home consumption, there is still a balance for export and carryover of 250 million bu, compared with only 96 million bu last year.

At the moment, Europe is not getting a great deal of wheat outside of North America. The forecast for weekly Argentine shipments is for 735,000 bu, which is somewhat better than last week, but yet smaller than last year. Black Sea shipments were only 1,976,000 bu this week compared with 3,552,000 bu last year. These figures include wheat furnished from South Russia, but from this time forward that country may not be an important factor. It might be interesting to note how weekly world shipments were constituted since August 1st: North America has shipped 15 million bu more than last year; the Southern Hemisphere has furnished 10 million bu more, while the Danubian countries, with a large crop, actually shipped 10 million bu less. The contribution from Russia was 15 million bu greater than a year ago, while India and other countries shipped two million bu less.

Broomhall has not revised his figure on requirements from the early estimate, and on basis of a total of 548 million bu, he had only figured that 56 million bu would be needed from the United States. His figure for Australia was 96 million bu, and of course, if the drought in that country continues, it may have to be revised downward. However, there should be no difficulty in getting the needed imports, as so many of the large exporting countries still have big surpluses.

Despite small carlot arrivals in the Northwest, where 276 cars were received at Minneapolis and Duluth, the primary movement was large today, amounting to 1,109,000 bu, compared with 1,494,000 bu last week, which was for two days, and 809,000 bu last year. The Southwest is still getting a large run and today, for instance, Wichita, Hutchinson, Salina, Fort Worth and Enid received 156 cars compared with 77 cars last year.

(O V E R)

There was a much better tone to the market today. After the early decline, one house in particular was conspicuous on the buying side, and the orders were not only in wheat and corn, but it was reported also that purchases had been made by them at Winnipeg. However, at the latter place the response was not too encouraging, and it is our belief that the Wheat Board welcomes advances, possibly with the idea of hedging some of the wheat which it could not do when the movement from the country was so enormous. Country marketings there are still very large, and were 2,279,000 bu versus only 502,000 bu in 1937.

At the last our December wheat showed a gain of 3/4¢ per bu. since yesterday. There was a further widening of the spread between December and May, and in our opinion this will probably continue.

Outside of some showers overnight which were rather light in Oklahoma and up the Ohio river valley, it was rather dry; but temperatures generally have fallen, and are now close to the normal. Rains in the Southwest would be very welcome, but nothing is indicated for the next 24 hours.

Corn was higher, influenced by better buying orders in the pit There was nothing much in the news. Primary receipts were large, and almost four times the size of those a year ago, but often when an upward movement starts, such as was the case yesterday, it continues for several days; with the encouragement received from wheat the close was very strong.

Soybeans have been enjoying a much broader trade during the past few weeks. There were only five cars booked from the country today. This market ruled higher in sympathy with other grains. The crop in the six largest producing states: namely, Illinois, Indiana, Ohio, Iowa, Missouri, and North Carolina should produce a yield of 43,884,000 bu this season, which will compare with last year's crop of 38,128,000 bu, and the ten-year average from 1927-36 of only 16,410,000 bu. So its importance is certainly one of increasing interest.

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 21, 1938.

General comment in British newspapers leans toward the thought hat the sterling rate will gradually decline in relationship to the ollar. One outstanding reason, of course, is the huge armament pro-ram coming at a time when the budget position is not any too favor-ble. There has been a heavy flow of British gold to the United tates, and since the capital flight from London first assumed serious roportions some weeks ago, England has suffered a large loss of gold. hat this did not affect the exchange rate up to the present time may e ascribed to the fact that there has been vigorous intervention by he British authorities, and the large control fund has apparently een used effectively to intervene, so that sharp declines have been airly well restored. The net loss against the dollar has not been eavy, even with the fears for the future trend of the European olitical situation.

We are watching this situation very carefully, because final-y a sharp decline in the sterling rate would mean higher values in erms of the pound for wheat. On the present parity Liverpool May heat is 66 5/8¢, while the same delivery month here closed tonight t 68 1/2¢. Even assuming that sterling might be maintained at resent levels, we regard Liverpool wheat as cheap compared with rices in Chicago, and, of course, if anyone were to make that spread, possible decline in sterling would work out beneficially.

There have been very few tenders so far on October contracts, nd we doubt whether there will be much pressure either when December rrives.

At the present time very little wheat from the Southern emisphere is going to Europe; of the Australian shipments this week, hich were 836,000 bu, 608,000 bu were destined for non-European coun-ries; and of the Argentine shipments, which were 795,000 bu, practical-y every bushel was headed for other than European countries, prob-bly a large proportion going to Brazil. Therefore, we anticipate hat in order to attract grain, Europe will have to pay fairly rea-sonable prices, even though we admit that there is still a tremendous urplus in North America. Millers abroad have apparently gone on the heory that with the American subsidy and the anxiety on part of the anadian Wheat Board, it would prove the better part of wisdom to sit ack and have grain offered to them. This has worked out satis-actorily up to the present time, but the relationship of European arkets towards those in North America was much better when a large usiness had been consummated.

On the other hand, one of our friends in Liverpool advised us that European offers were increasing and that the market was overshadowed by the prospect of almost limitless supplies of "filler" wheats; also from France, as well as from Russia and the Danube they were apparently getting this poorer quality of grain, but this wheat coupled with the plentiful supplies of high grade Manitoba at competitive prices provided the miller with most of the grist he required without recourse to the Southern Hemisphere or even the U.S.A. We should not be surprised if shipments from Russia would decline, although the Danube still has ample supplies on hand.

Final prices at Liverpool responded to the better sentiment here, with the close 3/4 to 1 1/8¢ per bu higher.

The outlook in Argentina is still excellent, with further beneficial rains, but Australia has not had a great deal of relief although our own cable from Sydney reported rains in New South Wales, with good prospects for moisture in South Australia and Victoria. On the whole, however, the drought still persists, and until there is further relief there is bound to be a great deal of nervousness, with present estimates being reduced. Last year the crop turned out so well because of the fine moisture during the month of October.

(O V E R)

Primary receipts were 984,000 bu compared with 1,457,000 bu last week, and 938,000 bu last year. From this time forward a year ago primary receipts were small, and for a period of nearly two month they amounted to only 25 million bu. There was also a sharp decrease in visible supply stocks. From October 23rd when the visible supply was 125 million bu, it went down to 86 million bu on the first of the year, but we doubt whether anything like that will happen during the next ten weeks, because the movement from the country iskeeping up fairly well; moreover, the export demand is of smaller proportions. So far this week Minneapolis, Duluth and Kansas City stocks show a net increase of 635,000 bu. We are not looking for much of a shrinkage next Monday in the visible; a year ago the decrease was quite substantial, amounting to 3,145,000 bu.

The carryover feeling from yesterday was rather bullish. There was little in the actual grain news to prompt buying, except that good soaking rains are needed pretty generally over the winter wheat areas, particularly at southwest points. However, a great many traders are political minded, and figure that the government is making every effort to help the price, and this type of buying seems to be of some help at the moment.

At the last December wheat showed an advance of 7/8¢ per bu.

Corn was likewise helped by better sentiment. The primary movement was large, receipts being over 2 million bu. There is some export business going on, but many are impressed with the future corn loans which might be established around the 60¢ mark. It is figured amongst the compliance farmers that it will probably mean a good deal of corn will be withheld from the usual marketing channels. Meanwhile there is another five months when Europe will need a fair amount from here until the Argentine's new crop is harvested.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO October 24, 1938

World shipments this week were considerably heavier than of late, and amounted to 12,732,000 bu compared with 9,884,000 bu last week, and 10,132,000 bu last year. The increase came almost entirely from North America, as over 8 million bu of wheat had been put afloat by the United States and Canada. Whether this is somewhat by accident is difficult to state, but in any case foreign business during the last ten days has only been moderate and we are inclined to believe that these shipments represent business that had been consummated during the recent war crisis. Since July 1st, North American shipments are about 22 million bu larger than they were in 1937, but, of course, it must be remembered that the Canadian crop last year was virtually a failure.

European markets were just a shade lower and were influenced somewhat by rains in parts of Australia, most of which occurred in New South Wales and South Australia. In order to get some idea of what these areas represent, the average crop for the past ten years in New South Wales has been about 55 million bu, while in the other section just mentioned, 34 million bu, or a total of 89 million bu, compared with the average crop of 170 million bu for all of Australia. In other words, slightly over half the acreage has been relieved.

Europe must be impressed by the tremendous marketings that are still taking place in Canada. Last week these amounted to 14 1/2 million bu, and the total since August 1st is in excess of 212 million bu, while a year ago, when the crop was so poor, only 76 million bu had left the farms. Aside from the striking comparison, the amount marketed this year is extremely large. As we recall it, when October is a wet month and it seems difficult to get a large proportion of the crop to market, finally wheat standing in the fields deteriorates in quality. Certainly it has been far different this season. The result of all this has been that Winnipeg futures have steadily lost ground upon ours, and there is a great deal of wheat still remaining for export.

In the wheat resume published on Saturday by the United States Department of Agriculture, they call attention to the fact that production in the Northern Hemisphere countries this year is estimated at about 510 million bu more than last year, not taking into account Soviet Russia and China. They also predict that Argentina and Australia will have an increase of about 15 million bu. In these calculations they count on a crop of 250 million bu for the Argentine, and 140 million bu for Australia. Of course, some will argue that prospects in the latter country will finally cause a downward revision, but if this is true, it might also mean better yields eventually for the Argentine, although even if this fails to come about there seems to be plenty of wheat in all positions.

Actually the Bureau of Agricultural Economics estimated the world wheat production for 1938-39 at 4,365 million bu, or the largest on record. They also figure that the world's carryover in July 1939 will be about 1,165 million bu; if this is borne out it would compare with a record reserve of 1,195 million bushels which the world had in 1933. Total supplies now on hand are approximately 600 million bu in excess of what they were at this period in 1937, as last July we carried over 75 million bu more than the year earlier, and the balance is accounted for by the larger harvest.

Under such circumstances, it is rather difficult to become bullish. We appreciate that great efforts are being made by our own government to export as much as 100 million bu during the current season, and we also appreciate that some waste will take place because of the low price level which exists. However, even if we could, through subsidy, ship that amount of wheat to importing countries, it would leave us with about 300 million bu on July 1st, and then, of course, the important question would be the size of next year's crop.

At the present time, dry weather is reported over large areas of the Southwest, and the winter wheat crop is not getting too good a start. However, we have seen this before, when sometimes snows during the winter changed the picture.

The visible supply, when posted, showed an increase of 2,316,000 bu; this was somewhat of a surprise, and it seems that the amounts at Galveston and other seaports showed most of the increase. This being true, it is likely that decreases will follow later on, as export shipments are made by the FSCC. In any event, the total visible now is 126,583,000 bu, or about 1 1/2 million bu more than was on hand last year. It is the first time this season that visible stocks were heavier than for the previous year. As we mentioned in our letters recently, we do not look for a heavy shrinkage between now and January 1st, unless there is a marked change in the character of our export trade. Chicago stocks decreased 289,000 bu, but there is still 14,719,000 bu left. Primary receipts today were fairly substantial at 1,324,000 bu; true, they showed a decline from last week, but were more than last year, and the Southwest is still getting a fairly large movement from the country.

At the last, December wheat was 3/8¢ per bu. lower, with not a great deal of feature during the trading session.

Corn was comparatively firm. A great many people believe that there will be large quantities under government seal when the loan is finally announced. This has a strengthening influence, despite the larger receipts. The movement today was enormous -- 3,225,000 bu of corn being received at primary markets. However, a good part of this was supposed to have been government corn shipped to terminals for storage. It is also felt that while the demand is not too active at the moment, there will be export business from time to time, until the new crop is available next spring in the Argentine. The visible supply showed a two million bu increase, but this had very little effect marketwise.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO Oct. 25, 1938.

The business upturn is likely to modify plans for new taxation, and also greater improvement in private employment should relieve the burden of WPA; nevertheless, it is not expected that the next Congress will be particularly economical, because with the new armament program as suggested, it is bound to require a large expenditure, although probably nothing like the billions which are being so loosely discussed. In any event, these policies still point toward inflation but do not necessarily forecast higher money rates. Despite the prospect of increased government borrowing, or increased taxation, the chances are interest rates will be kept low. It is even thought by some that rather than permit a substantial rise in interest rates, the authorities would embark upon a policy of credit inflation. The reason for this is that the government wants to borrow cheaply and our financial institutions hold so much gilt-edged security that an appreciable fall in the price is not likely to be permitted.

Our wheat market had been buoyed up during the past week or so by those who felt that commodities might follow the general trend of securities. It was also the belief that prior to election, sentiment might favor a buying spurt, but up to the present time this has not materialized to any great extent, for the very reason that statistics surrounding the wheat market were not favorable to a big advance. It has been extremely dry over large areas of the winter wheat territory, and often fall moisture is a very important factor, although there is, of course, no insurance that there will not be rains before the ground freezes, or in any event, snows during the winter, because in most cases droughts are the exception and not the rule. Even such a factor would not have its immediate effect, because there is so much grain in the world at the moment and Europe is not overly anxious to make purchases, except when the price is low, despite the fact that reserve supplies are undoubtedly being put away as a possible war measure. According to the figures of the Department of Agriculture, thirty European countries raised 1,772 million bu wheat this past season, or an increase of 210 million bu over the previous year. Broomhall, in his estimate of requirements, figures that Europe will take about as much wheat as last year, and since they have about the same number of mouths to feed, and since prices in many countries are high due to protective tariffs, we doubt whether there will be much waste, but are rather inclined to think that large amounts will be placed into an emergency stock in the event of war. Should this reasoning prove correct, it would preclude the possibility of Europe's taking that extra amount again next year, as their elevator facilities are rather limited.

We mentioned yesterday the large North American shipments for the week, and now call attention to the fact that 7,222,000 bu of the 8,109,000 bu came from Canada; therefore, the export business from our country is very small at the present time. We are told that quite a bit of Canadian afloat wheat remains unsold and has probably been loaded into boats with the hope that sales could be effected before the grain arrives. This will apparently make additional business from Canada rather difficult at the moment, and probably accounts for the fact that Winnipeg futures are at the largest discount under us than at any time on the crop, with May wheat about five cents a bushel cheape than the same delivery month in Chicago. When it is considered that the quality is so choice, this is certainly a very unusual showing, particularly as both Canada and the United States are competing for export business in an attempt to reduce surplus stocks.

Primary receipts are quite small today at 665,000 bu versus 748,000 bu last week, and 564,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a net decrease of 160,000 bu.

(O V E R)

There was never much feature to the trade today, early weaknes probably was in sympathy with Liverpool, prices there having declined 1 1/8 to 2 3/8¢ per bu. There were further rains in Australia, with the exception of Victoria, and export business extremely dull. This all had more effect upon Winnipeg than upon Chicago. At the last December wheat advanced 1/8¢ per bu.

During the week stocks of #2 yellow hard wheat in Chicago declined slightly, but there are still 3,485,000 bu of that type of wheat here, and stocks of #2 red wheat increased to 2,247,000 bu. Whe we look about us we find there is not so terribly much room in public elevators for grain in Chicago, and in state houses the capacity is rather limited, although in Federal elevators, which could accommodate 23,914,000 bu, there is still about 6 million bu of free space availab

Corn trade was uninteresting, with prices little changed. The primary movement was again tremendous --3,133,000 bu at various points; quite a large percentage represents government owned corn which is probably coming to market in order to relieve crib space on farms. However, it is apparently not being sold, but will be held until some future time.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 26, 1938.

For several weeks past Winnipeg futures have been losing ground on us, and during this period it has had an adverse effect on export trade from the United States. Canadian wheat is ordinarily so high in protein and considered so desirable by importers abroad that often they take it, even when it is selling at a premium over American grades. As a matter of fact, in competing markets it is generally felt that Manitoba wheat is worth about 8¢ a bu over ours. We remember when there was no duty on wheat imported from Canada, and mills at Buffalo could take No. 3 Northern Manitoba wheat, which was found to be as good in quality as our No. 1 Northern Spring. Therefore, it is not surprising, with the comparative cheapness in Winnipeg, that our business has suffered, even taking into account the subsidy of about 14¢ a bu which the government stands willing to take.

Our wheat exports in September were only 5,318,000 bu compared with 11,458,000 bu in August, or a decrease of over 50%. According to the Department of Commerce, exports of all agricultural products rose from $61,000,000 in August to $75,000,000 in September. This increase, however, was less than the usual seasonal movement. Exports of grain and preparations which had been large in the preceding months, declined from a value of $20,000,000 in August to about $11,600,000 in September, and this may be ascribed not alone to the drop in wheat exports, but probably to the drop in corn as well, smaller shipments having been made to Europe.

Liverpool prices showed considerable weakness this morning, particularly for the October delivery, which made a new seasonal low. Just a few weeks ago the nearby month was selling at a premium of 5 to 6¢ over the deferred futures, but this has been entirely wiped out now and it seems that arrivals on the other side are substantial; also, a part of the wheat is reaching its destination unsold and being sacrificed below cost. There was some No. 2 hard yellow wheat at Liverpool today, which is now tenderable on contracts, and this had a rather depressing effect on the nearby month. Ever since the rains occurred in Australia, not much crop comment is heard from that country.

Undoubtedly a great deal of deterioration took place before relief came, and general private estimates now range for yields between 120 to 130 million bu. On the other hand, almost everything up to the present time seems favorable in the Argentine where the wheat acreage is the largest since 1930, and private observers are tentatively estimating the 1938 crop as high as 270 million bu, provided, of course, normal conditions prevail from now until harvest. As domestic requirements there are usually around 100 million bu, it would leave a large margin for export and the Southern Hemisphere will in all probability do better than last season, when there was a failure in the Argentine. Until supplies from the Southern Hemisphere are available, Europe should have no difficulty in getting her requirements elsewhere.

The visible supply in Canada continues to increase, and stocks in all positions, exclusive of what is held in farmers' hands, are now close to 175 million bu, or 101 million bu more than for the corresponding period last year. Up to the present time, world shipments to Europe have been 26 million bu greater than in 1937, while those to ex-European countries were four million bu more, and these extra amounts were easily obtained without affecting in any way the general price level on this side. England, which takes about half of all the wheat imported into Europe, has imported about four million bu more than a year ago and seems entirely satisfied with hand-to-mouth purchases.

Primary receipts today were just moderate at 787,000 bu compared with 851,000 bu last week, and 762,000 bu last year. Stocks so far this week at Kansas City and Minneapolis show a total decrease of 55,000 bu.

(O V E R)

Despite dry weather in our Southwest there was a fair amount of liquidation, possibly of some of the recent purchases made here, and the market declined under this selling pressure. In Oklahoma, wheat has deteriorated, or at least made poor progress on account of the drought; wheat needs moisture in all parts of Kansas, although in contrast the soil is in excellent shape in the Texas Panhandle, where the wheat has come up nicely. However, other parts of the state report very dry, and there is no doubt but that good general rains are needed over wide areas.

At the last December wheat showed a decline of 3/8¢ per bu. Trade on the whole was extremely light; yesterday less than 13 million bu of wheat were traded in the pit.

Corn husking continues to make excellent progress, with favorable weather conditions, and a large percentage is being cribbed. In Illinois, they think maybe one-fourth of the crop has been put away. This seems to be the main influence marketwise, as a great many people are of the opinion that the movement to market will be less than usual because of the government loan.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 27, 1938.

Before our market opened this morning, there was a more cheerful mood displayed again in Wall Street, and a great many issues now have made vigorous advances since the Munich agreement was reached. This, in our opinion, is not due to sentiment alone, but rather to a combination of circumstances. Securities have been bolstered up by the continuous flow of good business news, particularly in the automobile and airplane lines, with a higher rate of activity in the steel industry as well. Moreover, the flight of capital from England to America must have had its effect also, and the general distrust of the European political outlook, except for the near future, has been a major cause of the fresh movement of funds to this country. The same might also be said of capital from other European centers, particularly France, and it is not surprising, therefore, that recovery in Wall Street should have come about partly as a result of this refuge money from overseas.

That the general improved outlook should not have had more effect on grain markets is understandable in the light of heavy supplies which still exist, and most recent attempts to bring about better wheat prices have proved futile. First of all, there was insufficient leadership, and with the visible supply of 125 million bu, which is so largely hedged here in Chicago, it places a certain load on our market. Ordinarily, one would expect that as we draw near to close of navigation, the trend would be in the opposite direction, and very likely, the amount of hedged wheat will gradually be reduced, although we are inclined to feel it will be a slow process. Combining the wheat stocks in interior mills, elevators and warehouses, with those held on farms on October 1st, there were 581 million bu, which is well above comparable totals in these positions for recent years. We tabulate below figures since 1934, in order to give the exact comparison:

1934	360,024,000 bu
1935	372,211,000
1936	338,822,000
1937	481,260,000

In our opinion, the only way to solve the immediate problem is through exportation of wheat, and we believe the government is fully cognizant of this, as exemplified by their plan of subsidy. It is not likely, even with a low price, to expect domestic disappearance to increase appreciably, although some extra quantities of low grade wheat might be used for chicken feed so that finally, domestic utilization will approach the 700 million bu mark, as was the case last year. Should this prove to be correct, and allowing for a necessary carryover next July of 125 million bu, we still have available for export at this time 238 million bu. This figure is based on the actual overseas exports to-date of 31 million bu. It is interesting to note that 70 per cent of our wheat shipments have been handled through the one port of Galveston, and as so much high-grade wheat was tributary to the Gulf, it is our belief that this situation will continue.

Up to the present time the outlook in Argentina is excellent, with the possible exception of northern Pampa, where it has been dry, but elsewhere, with the frequent rains, good progress and satisfactory growth resulted, and it is believed that cutting might start as early as the middle of November in parts of the Santa Fe.

Primary receipts today were 761,000 bu compared with 1,109,000 bu a week ago, and 719,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 11,000 bu.

Liverpool was very weak and went into new low ground again for the season, final declines being as much as 3/8 to 2 1/8¢ per bu. The possibility of an early harvest in the Southern Hemisphere and a poor demand were the reasons; also slightly larger estimated shipments from the Argentine, while the Black sea put 2,648,000 bu afloat this week, of which a little more than a million bu was furnished by South Russia.

(O V E R)

There seems to be considerable apprehension because of lack of surface moisture in our Southwest; of course with the top soil so unusually dry it makes it difficult for the plant to sprout properly, but this situation could be corrected if rains come in time. Subsoil moisture should be quite satisfactory; in Kansas from last April until the end of September average precipitation was 21.66 inches compared with a normal of 20.2, while for the two preceding years, corresponding periods, there had been less than 15 inches. The comparison in Nebraska is equally favorable, although there also surface moisture is very deficient, but for the same six months they had an average of 20.6 inches of rain against 19.3 normal, and 13.3 in 1937, while there had only been 11.3 inches of rain in 1936.

At the last December wheat showed an advance of 1/8¢ per bu. Trade was again very light.

Corn was slightly lower; the weather seems to be so perfect for curing that bullish enthusiasm is lacking, although many feel that there will be a large quantity cribbed because of the loan price, and, therefore, withheld from the usual marketing channels.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO October 28, 1938

During the past ten days, sterling exchange has held very steady and fluctuations have been confined to more moderate swings. There can be no doubt that the British authorities had to intervene as there had been considerable short selling which caused drastic declines of the British monetary unit, and until there was some evidence of stiffer resistance, due to the functioning of the exchange qualization account, some people were of the impression that possibly England would allow sterling to decline to a much lower level. For a period of about three weeks, it had been allowed to fluctuate widely, but it seems the pegging, which was rather substantial, produced the beneficial effects that were sought. The matter of exchange relationship is, of course, terribly important in International trade, and with England taking about half the wheat imported into Europe, the sterling rate has always been an influential factor. For a time, when it looked as though there might be immediate drastic declines, it naturally had a somewhat bullish effect on the Liverpool market; but this situation has been corrected by recent liquidation.

Closing prices at Liverpool were unchanged to 1/2d a bu higher. The strongest month was May, influenced somewhat by reports of frost in the western section of Argentina, and as the season is getting along, this is more important now, although last year's damage from frost was at a later period, coming about November 11th.

The demand for cash wheat abroad continues to be very slow, and there still seems to be considerable wheat arriving on the other side unsold, which has a depressing effect. The nearby positions went into new low ground again and according to Broomhall, the October future was the lowest it has been in four years. Europe apparently feels certain, regardless of the outcome of crops in the Southern Hemisphere, that she can get large quantities from Canada. Up to the present time, total wheat and flour shipments from that country are 40 million bu. After deducting the quantity needed for home consumption, there is still 242 million bu available for export and next year's carryover. On August 1st, Canada had only 24 million bu carried over from previous crops and it is not likely that supplies will be reduced to such small proportions again, although we can remember many years prior to the war when Canada carried over very little from one crop to the next and had a much healthier situation than when she was burdened with large supplies, as was the case when the Canadian Pool operated.

When it is further considered that at this time last year there was only 93 million bu available for export and carryover, we can readily see how much more dependent Canada is upon export trade in order to improve her situation. With a population of not over 12 millions, the bulk of her crop each year must be sold abroad; otherwise, she pays the penalty if surpluses are artificially withheld from the usual trade channels.

Primary receipts today were just moderate at 720,000 bu versus 984,000 bu last week and 654,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a net decrease of 11,000 bu. It does not look like a large decrease in the visible supply next Monday. Last year there was a heavy shrinkage amounting to 4,693,000 bu.

Shipments from both Australia and Argentina were larger than for the previous week, but it seems that a good proportion of the grain is destined for non-European countries, and is, therefore, not as much of a market factor as ordinarily.

During the session a few rains were reported at Nebraska points and while the weather forecast was not particularly encouraging for a great deal of precipitation immediately, it was thought that possibly some relief might be afforded, and so often when a dry spell finally does break up the lower barometer readings bring about more moisture, and possibly this is the case now. The weather man suggests in any

(OVER)

event the possibility of some showers along the Kansas-Missouri boundary tonight. This resulted in some liquidation, mostly of May contracts, with the result that finally there was a decline of 3/4¢ per bu for this month, while December wheat declined 1/2¢ per bu.

There is no doubt that the dry weather Southwest coming together with rather high seasonal temperatures was detrimental for the early start of the wheat plant, and even reduced up to now the amount of acreage which farmers actually had intended planting; but we are still of the opinion that great recovery would come if moisture were timely.

Corn was weak. Receipts locally continue large, and even though this comprises to a great extent government corn for storage, it has apparently filled up elevator space and in that way probably hurt the general price level. Buying power seems to be limited, and liquidating sales are coming upon a rather poorly supported market.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 31, 1938.

World shipments of wheat were very heavy for the week, amounting to 14,784,000 bu. This was about 2 million bu heavier than for the preceding week, and compares with 11,888,000 bu last year. There can be no question that a good deal of unsold grain is being put afloat with the hope that foreign markets will improve by the time arrivals reach the other side, although up to now those who have made consignments were apparently disappointed as European demand for cash wheat remains extremely light.

Closing prices at Liverpool today were unchanged for the December delivery, while other months declined 3/8 to 1/2¢ a bu. There had been a forecast for rain in Australia, and this also was a factor.

Under the circumstances, new business from the United States was almost at a standstill, and we heard last Saturday that grain already shipped from Gulf ports was being offered cheaper abroad than any replacement business. As long as this situation continues, it will be difficult to approach the figure of 100 million bu for total exports, which the government is seeking. In spite of this there does not seem to be much pressure currently upon our markets, and possibly the fact that larger quantities of wheat are now under federal loan may be the reason for it.

On October 26th, growers had obtained federal loans on 6,377,000 bu of wheat on farms, and 18,711,000 bu in warehouses. Naturally this wheat is not being offered in the open market. However, it cannot be placed in the same category as that sold abroad, because some day it probably will be marketed in competition with other holdings, as has always been the case when governments came into possession of grain. For the time being at least its weight is not felt marketwise, although the knowledge that it is overhanging the market may prevent sharp upturns.

In Canada there has been a phenomenal marketing program since August 1st. During the week country deliveries were more than twice as great as for the previous year, and the total marketings for the season are 222 million bu compared with only 81 million bu in 1937. Based on the government estimate for the Prairie provinces of a crop amounting to 334 million bu, and deducting 42 1/2 million bu which is used for seed, feed, etc., there can be only about 69 million bu still to come forward, and, therefore, deliveries from this time on are bound to be lighter. In any event, there seems to be ample grain in Canada to satisfy European needs, particularly if the Southern Hemisphere crops come through according to present promise. Canadian moisture is fairly satisfactory except for the province of Manitoba, which has the smallest acreage. Since September 1st, there has been .89 inch precipitation compared with normal 2.71 inches for the latter province, although Saskatchewan makes a better showing with 2.23 inches this year against 2.09 normal, while Alberta had 1.88 moisture compared with 2.20 normal. We mention this because rains before freezing temperatures are always considered important in Canada, even though the spring wheat is not planted until the following April.

There were fairly good receipts today, as evidenced by the primary movement, which amounted to 1,148,000 bu versus 1,324,000 bu a week ago, and 963,000 bu last year. At five Southwest points: namely, Wichita, Hutchinson, Salina, Fort Worth and Enid, there were 257 cars today against 175 last year, while Kansas City received 335 cars of wheat versus only 151 last year. In the Northwest, the showing was also somewhat better, Minneapolis and Duluth having a total of 374 cars of wheat versus 229 last week and 317 last year.

When the visible supply of wheat was posted, it showed a decrease of only 567,000 bu, while a year ago there had been a decrease of 4,693,000 bu. Total stocks now amount to 126 million bu, or nearly six million bu more than was held at the corresponding period a year ago.

(O V E R)

Chicago stocks show a shrinkage of only 50,000 bu, and there is still 14,669,000 bu left. When it is considered that 9 1/2 million bu corn are stored here locally, with an additional million bu afloat, we reach the conclusion that storage space may be at a premium, and the fact that storage boats have been taken for corn so early in the season is quite significant. Therefore, it would indicate, to our way of thinking, that carrying charges in wheat might widen considerably.

At the last December wheat showed a decline of 1/4¢ per bu. Trade was again light, and we note that on Saturday only seven million bu wheat was traded in the pit, which is probably the smallest volume in months. There was no particular trend to the corn trade, although the primary movement was again heavy --3,400,000 bu all told. It is true that quite a few of the receipts comprise government-owned corn, which is not being sold, but , nevertheless, storage space must be found to take care of it. The visible supply increased nearly eight million bu, which is something that has seldom happened at this season of the year, and there is twenty million bu more at various reporting stations than in 1937.

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CHICAGO MERCANTILE EX.

CHICAGO NOV. 1, 1938.

The Liverpool market was rather featureless, with the deferred deliveries closing unchanged, but December wheat was 3/4¢ a bu higher, Broomhall reporting that India had made further purchases of Australian wheat.

Export demand was extremely dull again, and there was, therefore, no inspiration from abroad, but the main influence was the weather map, which was interpreted by our expert as indicating rather general showers over central and southwestern areas.

There seems to be a crying need for moisture in Kansas, Oklahoma, and Texas. In a recent survey, covering most of Kansas, it was found that the top soil of 3 to 6 inches was extremely dry, and in some places it extended even farther, thus playing havoc with the growing wheat crop except on summer-fallowed ground or where the wheat had been drilled early. On the other hand, there was anywhere from 25 to 50 per cent more subsoil moisture throughout the Kansas wheat belt this year than there was last year at this same time; and we pointed out in our letters recently that the rain from April through September was in most cases above normal. But October was extremely dry, and, therefore, the wheat has not as yet germinated in many areas, so that the plant has gotten off to a poor start. Many are of the opinion, however, that this situation could be greatly relieved if we received rains within the next ten days, and this is a little more hopeful at the moment, but it will require more than just ordinary showers in order to assure the best results.

We shall not know officially for some time how much acreage was sown to winter wheat, and the government figures will not be published until next December. Meanwhile, the Santa Fe crop report has estimated a cut of 10 to 15 per cent, which in our opinion would not be near as drastic as had been expected by official Washington, although nobody took very seriously the attempt to reduce total acreage next year to 55 million acres compared with 81 million actually seeded last season. The reason for this is, of course, obvious: namely, that a great many farmers are not complying with the various governmental schemes, and those who have not received bounties may plant just as much as last year, provided, of course, that weather would make this permissible.

The European acreage is expected to be about the same as last year, although it is unlikely that yields per acre will be as much, as they had bumper crops in many countries and yields were about 210 million bu greater than for the previous season.

At the present time most eyes are focused towards the Southern Hemisphere, and Argentine prospects remain very good, while recent rains in Australia have improved condisions in many important areas. Nevertheless, in the State of Victoria rainfall has been inadequate, and this section would ordinarily produce about one-fourth of the total crop in that country; therefore, we may only look forward to fair yields, taking the country as a whole. During the past eleven months Australia has exported 130 million bu, but reliable estimates for the forthcoming season are down to about 75 million bu surplus, and it is not sure yet whether the Argentine can make up this deficit. On the other hand, Europe is not worrying about immediate supplies, as arrivals are still large and there will have to be a lot of wheat absorbed before there can be renewed buying.

Canada alone has shipped overseas nearly 22 million bu of wheat and flour in the past four weeks, and total world shipments since August 1st have been 33 millionbu larger than last year at this time.

Primary receipts today were moderate at 719,000 bu compared with 665,000 bu last week, and 826,000 bu last year. So far this week stocks at Kansas City, and Minneapolis have decreased only 15,000 bu.

(O V E R)

There seems to have been more December liquidation than of late, and the open interest shows there is still 45 million bu to be dealt with, and we are rather inclined to look for a wider carrying charge between that month and May. Taking the regular storage in Chicago, it is only reasonable to figure on elevator capacity of about 35 million bu. By this we refer just to the usual elevators that are doing the bulk of the business in this market in grains. We have excluded certain amounts that are used for malting and feed purposes, also various farm storage warehouses that are sometimes included in the larger figure. Of course, when there is a tremendous amount of grain headed for this market some of these other elevators are pressed into service to the emergency required in commercial dealings, but that is rather the exception. We find that in these regular grain elevators there is at the present time a total of 29,738,000 bu of grain; therefore, there is not much surplus room, and should we get a fair movement of corn it would be a bearish influence upon carrying charges in general.

During the session there were rains reported in a few sections of the grain belt; while there were only sprinkles in some places, they had a bearish effect upon the market, with finally December wheat showing a loss of 1 1/4¢ per bu. Weakness at Winnipeg was more pronounced, and discouraged bullish operations.

Corn was just moderately active; receipts are heavy, and regardless of the amount that will finally be put under government seal, the early movement may prove depressing unless there is an improved export demand.

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CHICAGO November 2, 1938.

Liverpool prices were weak today, declines amounting to about 1¢ a bu, with all three futures selling at the same price, namely, 62 5/8¢. This followed the weakness in North American markets yesterday and increasing pressure generally from various shippers. A new low price was established for the March delivery, being the lowest at which that month has sold since December 1933.

News relating to grain has been the main influence and during the past week or so, sterling fluctuations were not a factor, as swings had been confined to rather narrow limits. There has been no sign of any important reflux of large amounts of capital which had been sent from London to New York in recent weeks, nor is it likely that such funds will return until the international situation is much clearer. Mony which came to our shores was largely to guard against further capital losses, which resulted when the pound declined from the $5.00 mark that ruled earlier in the year. It is true that the interruption of the slump in sterling has itself provided a powerful factor in now checking the further exodus of capital from London which had assumed such large proportions during the war crisis.

When our market opened, it was influenced not only by foreign weakness, but also by the weather map which showed rather widespread precipitation in the Northwest; extending into Iowa, and also sections of eastern Nebraska and eastern Kansas. The amounts of rainfall were rather light, but at least the dry spell has been broken, and it appears as though there would be further relief during the next 48 hours, probably extending into Southwestern areas.

The private experts gave their views on the probable acreage for the winter wheat crop, and until we have the official figure next December, we must rely on their opinions. On an average they figure that 46,397,000 acres will be sown, and basing calculations on returns during the past 20 years, when 12 1/2 bu per acre were raised on the planted acreage, it suggests that the yield of winter wheat would amount to 580 million bu. The cut from last year's record acreage of 57,316,000 is about 19%. The government's goal for the total United States acreage was 55 million, but will probably not be that low for the reason that there are a good number of non-complying farmers. Should the spring wheat area be diminished in about the same ratio, we are likely to have a total crop in this country of 770 million bu. We arrive at this latter figure by assuming that combined sowings will be 81% of last year, and this would mean about 65 1/2 million acres, on which we may calculate an average yield of 11 3/4 bu, which is the generally accepted figure during the past 20 years for all wheat. In other words, we shall probably have to deal with a crop of 75 to 100 million bu over and above domestic consumption, and while we appreciate that this is a very sketchy review, coming this early, it is the only safe guide, based on known facts, at this writing.

News on the broad tape, apparently from Washington, claimed the possibility that the wheat export subsidy may be raised if the original plan to export 100 million bu wheat is to become effective. It was furthermore disclosed that the export program had thus far fallen short of official expectations, and it seems that as of October 15th, the FSCC had purchased close to 20 million bu wheat and that sales, under the farm administration subsidy, of both wheat and flour totaled about 16 million bu. While no figures are available, the indications point to the fact that nearly 24 million bu had been sold before the subsidy program was launched.

Primary receipts were 815,000 bu compared with 787,000 bu last week, but only 383,000 bu last year. Stocks so far this week at Kansas City, and Minneapolis show a total decrease of 115,000 bu.

(O V E R)

The Winnipeg market which had been so weak yesterday recovere fractionally today, but Canadian stocks, not including what is held in farmers' hands, amount to 178 million bu, which is 104 million bu more than last year. It seems difficult under such circumstances to have much of a price advance until their export situation improves their status. Of the North American shipments this week less than one million bu was furnished by the United States; therefore, Canada is handling a large volume, although undoubtedly some of the wheat is being sacrificed, but yet they appreciate that it is necessary to sell before the Southern Hemisphere competition starts. Seasonal imports of wheat and flour for the United Kingdom are about four million bu larger up to the present time than a year ago, but only hand-to-mouth buying seems to be in evidence. Therefore, export sales from this side are not easily accomplished without affecting foreign markets.

Mr. Wallace's determination to increase the movement of wheat into foreign channels may cause further weakness abroad, particularly as he claims that they may have to use some salesmanship to carry out the plan. This, of course, would weaken world markets, and might finally react upon us.

At the 1st December wheat showed an advance of 1/4¢ per bu, while the May was up the same amount.

Corn was inclined to slight weakness. Crop experts commented upon the exceptionally favorable weather, and with no material frost damage until the crop was matured all over, the result has been good yields. However, with quite a portion to be stored under the government loan program the movement to market will probably not prove burde some as might be the case without this influence.

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CHICAGO Nov. 3, 1938.

Liverpool futures have made new season's lows each day for a week, and according to Broomhall chartering of steamers exceeded the export business, with the result that a good deal of unsold afloat wheat was sacrificed when it reached its destination. A more or less demoralized situation existed, and even Liverpool May wheat, which was relatively the firmest, closed tonight at 61 5/8¢ a bu, or more than 3¢ under the same future here in Chicago.

With a crop of about 940 million bu, such as we have raised, this price disparity probably would not prevail except for the fact that exports are being subsidized, and even with this factor recent sales have been disappointing. Secretary Wallace intimated yesterday that there probably would be greater subsidies in order to accomplish his purpose of having 100 million bu of wheat and flour finally leave the country. This, of course, will entail larger deficits and must finally be borne by the taxpayers themselves. This naturally brings up the question as to how long we may expect a continuation of such a policy.

When deficits started back in the fiscal year of 1931, the public debt stood slightly under $17 billion. At the end of the present fiscal year, it will undoubtedly exceed $40 billion. Every nation has the hope of finally balancing its budget, and if this is to be achieved it must come from a combination including a rise in tax revenues as well as important reductions in the volume of spending. At the present time figures show a tax yield of nearly $12,000 per minute during the entire year, but the expenditures are at the rate of $14,000 for each sixty seconds during the same time; and finally the strain upon the public credit of an unbroken series of federal deficits becomes increasingly serious.

When our market opened this morning it was influenced by the weakness abroad, but also by the wonderful rains which had visited important areas of the winter wheat belt. Showers had been quite general over portions of Nebraska, Kansas, Oklahoma, and the Texas panhandle, and in a number of places there have been more than two inches of rain reported. Wichita, for instance, receiving that amount, while Hutchinson had about three inches. Coming at an important time it is of lasting benefit to the crops that have just been sown and which were suffering from lack of surface moisture. We expect to hear before long that germination will proceed more normally, and on the whole the picture is much more optimistic.

Before many weeks we shall have Southern Hemisphere pressure and its resultant competition in foreign markets. Even now the Argentine is quoting new wheat CIF the Continent at 59 1/2¢ a bu, which is a great discount under present prices; and as prospects in that country are distinctly favorable with the very large acreage under cultivation, some are figuring on a crop of 280 million bu, which would be a yield of 14 bu to the acre. This may seem rather high, although in 1936 and in 1933 this yield was exceeded. Estimated Argentine shipments are 1,176,000 bu, which is slightly less than last week, but compared with only 214,000 bu last year. Black Sea shipments for the week were small, with only 1,672,000 bu put afloat against over 4 million bu in 1937.

Of course, Canada is still the important factor in contributing towards world needs, and since August 1st total wheat and flour shipments have been 47 million bu, which would leave a balance for export and carryover of 235 million bu versus only 90 million bu a year ago. The above has made allowance for normal home consumption, and shows that there is still plenty available for importers' requirements.

As far as our own country is concerned, there has been only 30 1/2 million bu actually cleared of both wheat and flour since July 1st. There are, of course, some sales not yet filled, but on basis of the actual shipments, there are still about 239 million bu available for export, after allowing for our necessary carryover next

(O V E R)

July, and also prospective domestic utilization of 700 million bu. With North America in this position it naturally makes European buyer deliberate in their action, although we find that total world shipments since last August averaged 11,260,000 bu a week; and if Broomhal is correct in his figure for importers' requirements of 548 million bu, then it would follow that during the next 39 weeks world shipments would only have to average 10,298,000 bu in order to satisfy these needs. In other words, some reserve supplies may have already been stored away.

Primary receipts of wheat today were of fair size: namely, 812,000 bu compared with 761,000 bu a week ago, and 659,000 bu last year. So far this week Kansas City and Minneapolis show a net decrease of 104,000 bu.

There was not a great deal of feature to the market, most of the weakness came right at the opening in response to the improved weather. The difference between December and May ranged 2 to 2 1/4¢ pr bu, or much the same as recently. The amount of #2 yellow hard wheat here in Chicago is 3,479,000 bu, or a reduction of only 6,000 bu from the previous week. The amount of #2 red wheat is about 2 1/4 million bu, showing very little change. In our opinion, there will probably be moderate deliveries on December first with only a fair demand. This should bring about a better carrying charge, and the tendency seems to be in that direction. At the last December wheat showed a decline of 1/4¢ per bu, while the May was 1/2¢ lower. Wet weather was not much of an influence relatively upon the July future, and should we finally end up with a big carryover it is quite conceivable that May wheat will terminate at a discount under the new-crop month.

Corn seems to have a number of friends, sentiment leaning to the idea that there will never be a very burdensome movement. Primary receipts today were smaller than last week, and there is less government corn moving now to terminals, while bookings from the country are very modest.

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CHICAGO Nov. 4, 1938.

Early cables from abroad were rather indifferent. Smaller Australian shipments this week were offset by good reports of rain in North America, but in the final transactions a better demand appeared, and advices spoke of short covering with the result that the Liverpool market closed at an advance of 5/8 to 1 3/8¢ a bu. The greatest strength was in May, and as we have pointed out this delivery month is selling at a big discount under us, while ordinarily it would be selling at a premium, as naturally wheat shipped from this side would have to pay the various transportation charges and other expenses of getting it to Europe.

Merchants all over the world are watching developments in the Southern Hemisphere, and there have been no changes in the general comments during the past few days, as Argentina is still expected to have a large crop. Even in Australia, where the drought had been very severe, they now figure that the final yield may be between 135 to 140 million bu, which would compare with last year's bumper crop of 188 million bu, but a crop two years ago of only 150 million bu. Therefore, the surplus from Southern Hemisphere will still be sufficient for all purposes, and there might be 35 million bu more than a year ago, when the Argentine crop turned out so badly.

The acreage figures on winter wheat given out by experts the other day have suggested a number of interesting studies. The first reaction, of course, was to compare the 46 million planted acres with the large sown area of last year of 57 million acres. This makes a very poor comparison, but in the grain trade we are often prone to do this very thing: namely, to compare just with one year back and lose sight of average conditions. If we apply the average ten-year abandonment, which is 12.6 per cent, to the number of acres sown this fall, it would be fair to assume that there will be more than 40 million acres standing for harvest, and this would compare with other years as follows:

YEAR	AREA HARVESTED	YEAR	AREA HARVESTED
1931	43,332,000 acres	1935	33,402,000 acres
1932	36,056,000	1936	37,687,000
1933	30,272,000	1937	46,946,000
1934	34,638,000	1938	49,915,000

It is, therefore, apparent that after the rains which have fallen in important wheat-producing areas, we may still expect an average or better crop next summer.

Our market showed a firmer tendency, and there was a little more comment about recent purchases of the government, which had apparently helped to cushion declines. While the quantities exported under the subsidy program were rather disappointing, there seems no doubt that the administration is sincere in carrying through to conclusion its original purpose. We understand that Mr. Wilcox, Vice President of the F.S.C.C., is bound for Europe and that his mission may be to find buyers in Norway, Sweden, Germany, and England for the surplus wheat now held in this country. This is very likely undertaken before Argentina embarks upon her program of selling, and from experience in past years we know that the latter country has scarcely ever carried much grain from one crop into the other, rather preferring with only a small population, to ship abroad even if sacrifices had to be made. We, therefore, feel that there will be considerable competition after the turn of the year.

Primary receipts today were identical with last year, amounting to 802,000 bu versus 720,000 bu a week ago. Kansas City, Duluth, and Minneapolis stocks so far this week show a net decrease of 384,000 bu.

There was very little feature to our market, and we doubt whether the trade was as heavy as yesterday, when only 12 million bu of wheat were transacted in the pit. This amount could have been handled by one single firm in past days of greater activity. Therefore, it can be realized that the character of orders readily influence prices. At the last the December wheat showed an advance of 7/8¢ per bu, while the May was 3/4¢ higher.

The corn trade was light, the movement from the country smaller, and no doubt there will be a waiting tendency on part of farmers to see how the loan price is finally adjusted, and in what respect it will affect values.

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CHICAGO Nov. 7, 1938.

There was no encouragement from abroad, even with smaller world shipments which amounted to only 11,288,000 bu this week compared with 14,784,000 bu last week, and 11,840,000 bu last year. However, the main feature abroad is the poor demand; a cable from the other side stated that British millers seemed very independent over future supplies, and were merely interested in distressed arrivals. They anticipated there would be free offerings right along from both North America and Argentina, and that this would be the case for some time to come. Therefore, it was not surprising that overnight demand was flat; even Manitoba wheats were more or less neglected, and this type of wheat is generally sought by millers because it is high in protein and mixes well with other grains of poorer quality. There is, however, considerable competition in England, and while Canadian #3 Manitoba wheat is quoted now in Britain at about 68¢ per bu, it appears high compared with the French wheat, for instance, (poorer in quality) that is offered in England at 54¢, and Rumanian wheat which is bringing only 47¢ per bu. Of course, the latter is so cheap because Rumanian exports are aided by a subsidy equivalent to about 26¢ per bu.

Canada has a long ways to travel yet before her position can be more comfortable. It is true, country marketings are much smaller now; on Saturday they were only 614,000 bu versus 519,000 bu in 1937. The amount of grain back on the farms has been greatly reduced, because since August 1st marketings have amounted to 229 million bu against less than 86 million bu for the corresponding period the previous season.

As far as the Southern Hemisphere news is concerned, there is not a great deal of change, although temperatures in the Argentine remain cool for the time of the year, and a few scattered frosts were reported in the province of Buenos Aires. This will probably not do much damage, although warmer weather would be welcome. There was one private report estimating the crop 307 million bu, and if this figure is reached it would more than offset the poorer returns from Australia. In the latter country there were 14 million acres sown, and even because of drought it would not be difficult to expect 10 bu per acre, which would give a crop of 140 million bu. The combined production of these two countries, therefore, will keep Europe reassured, although there is talk that the British government is making purchases possibly in reserve for war, but according to Broomhall, this is tending to destroy confidence in the general market with outside interest in futures very small. At the close Liverpool prices were 5/8 to 7/8¢ per bu lower than on Saturday.

The movement of grain in our country was just moderate. It seems that farmers in the Northwest have taken greater advantage of the loan than in any other section. Up to the present time about 32 million bu of wheat are under government loan, and this is an increase of about 7 million bu during the past week. In the Southwest, carlots still make a fairly good showing, with Hutchinson, Wichita, Salina, Enid, and Fort Worth receiving 241 cars versus 155 in 1937, while Kansas City received 207 cars as against 179 the year before. When the visible supply figure was posted it showed an increase of 17,000 for the week. Total stocks at various points are 126 million bu, or 7 million bu more than was on hand a year ago. Chicago stocks decreased heavily, the shrinkage amounting to 729,000 bu, but there is still 14 million bu held here, which seems sufficient for all purposes.

Despite further moisture over many southwestern areas values here held rather firmly, and this may have come about by the better sentiment in the stock market where values had risen from fractions to several points. At the last December wheat showed a decline of 1/8¢ per bu since Saturday, while the May wheat was 1/4¢ lower.

Sentiment in corn continued bullish. There is much less being offered from the country now, and it is felt that when the loan price is announced, about November 15th, that it will be sufficiently high to induce farmers to hold on to their supplies. Under the circumstances, no burdensome movement is indicated. The visible supply increased very heavily, the exact amount being 10,502,000 bu. There is now 35 million bu at all points compared with only about 9 million bu a year ago.

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CHICAGO November 9, 1938.

All American grain markets were closed yesterday while voters went to the polls to express their sentiments. Although off-year elections as a rule are not regarded as particularly significant, more stress is laid upon results of yesterday's voting for the reason that there is a strong feeling it will be quite a determining factor for policies of the next two years. The stock market responded with great strength, and security values have a way of usually anticipating or discounting future events.

During our holiday, Liverpool and Winnipeg were somewhat higher, and advanced further today. Compared with Monday, cables registered advances of 1 1/4 to 2¢ a bu. Broomhall cables that there are rumors that the United Kingdom had bought about 750,000 bu of Canadian distressed wheat, which was afloat, and while no prices were intimated, it is presumed that this wheat was bought under replacement value. This, of course, is helpful, as there have been quite fair quantities of wheat put afloat unsold, which have acted as a drag on the market. Later estimates were raised to between 1 3/4 to 2 million bu, in all positions including some for shipment. The United Kingdom port stocks of wheat and flour increased 1,200,000 bu during October, and the total is now 7,500,000 bu greater than a year ago.

There were some reports of light frost in the south and west of Argentina. Last year the first of the serious attacks of frost in that country which cut down the 1937 crop, occurred on October 30th, but the major portion of the damage originated from frost around November 11th. However, all reports which we have received so far state that the Argentine crop is progressing nicely; in fact, one authority states that they have a very fine wheat crop prospect, and that the crop is very early.

No reports have been made of export sales from the United States, but some wheat afloat is supposed to have been sold. However, our export business is suffering from the various duties, milling restrictions, and subsidies on the part of foreigners. In Rumania, the wheat subsidy is now raised to 26¢ a bu; in Belgium, starting November 28th, the millers will be compelled to use 40 per cent native wheat in their grinding; in Finland, 80 per cent domestic wheat must be used for milling purposes; and in Sweden, there had been an increase of tax on both domestic and imported wheat for the production of flour. However, as of the week ending November 7th, Sanford Evans reports 1,555,000 bu of United States wheat and flour cleared for export, which was the largest shipment since the beginning of September. During that same period, Canada cleared 4,638,000 bu compared with 6,949,206 last week, and 7,905,020 bu two weeks ago. Exports from Canada up to November 7th, have amounted to about 52 million bu against 31 1/2 million bu during the same period last year.

Since August 1st, the United Kingdom has imported 5 1/2 million bu more than a year ago. Europe has taken 28 million bu more than last year, and ex-Europe about 4 million bu additional.

Shipments out of Fort William have continued heavy all fall, and amounted to as much as 1,938,000 bu on a single day last week. Canadian wheat is available in all positions for European buyers; marketings there were 596,000 bu.

Since Monday morning some showers have occurred over eastern Kansas, portionsof Oklahoma, Iowa, Missouri, Illinois, Indiana, and Ohio, and our weather forecaster looks for unsettled weather, with probably local showers over the Northwest, Central West, Southwest, and Central states tonight or Thursday. This is not entirely confirmed by official weather reports for the Southwest, although the latter predict some showers in the northwestern part of Kansas and rains in most parts of Nebraska.

(O V E R)

Receipts in the Southwest amount to 174 cars, although this, of course, includes two days due to the holiday, against 138 cars last year; Kansas City received 148 cars versus 103 a year ago. The total primary receipts for the two days amount to 928,000 bu against one day's receipts last week of 815,000 bu, and last year 634,000 bu.

Our market opened about 1¢ a bu higher in response to the strength in Liverpool and our stock market, but best prices could not be maintained, and at the close the December future showed an advance of only 1/4¢ per bu, and the May 1/2¢ a bu. Until there is a better demand both domestic and export we believe that advances will be difficult to hold.

Trading is at rather low ebb at the present time; last Monday transactions in wheat on the Chicago Board of Trade amounted to only 7,901,000 bu, and the total volume of all grains was 14,578,000 bu. Liquidation in December wheat is progressing rather slowly, the total open interest still being 41,673,000 bu.

Elevator space in Chicago is being filled rather rapidly, and we believe this should give us a widening of carrying charges. The amount of all grains in storage at the present time in Chicago totals 31,847,000 bu, with an additional 3,576,000 bu afloat.

Corn also displayed strength. Bookings are rather light, and wet weather throughout the corn belt is slowing up the movement. There is about 1 1/2 million bu of corn which has been inspected for shipment out of Chicago via the Lakes, and we believe there will be a steady demand for this cereal.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

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141 W. JACKSON BLVD.

MEMBERS:
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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO November 10, 1938.

During the past few days sterling exchange has shown some signs of weakness, and while this might not be of any immediate significance, the fact cannot be overlooked that sterling is faced with a triple threat: Firstly, with the situation in the Far East and in Central Europe, and with Germany making strides to gain business throughout the Balkan States, England is confronted with a decline in exports; secondly, should an armament program be carried out, it would necessitate an increase in imports, thus further affecting her trade balance; thirdly, with a decline in income investment, England's funds will no doubt be seeking other markets. There was a rumor circulated in Paris that the Anglo-American Trade Pact, which is apparently about ready for signature, will contain a clause devaluing sterling to around $4.50. However, there is nothing whatsoever to confirm this rumor, and while we doubt whether such would be the case, on the other hand, great uncertainties regarding world monetary conditions still prevail. We have seen the devaluation of the French franc since the tripartite agreement.

Owing to a more quiet demand for cash wheat, Liverpool cables were unable to maintain their advances of yesterday, and at the close showed a decline of 1/2 to 3/4¢ a bu. Their December future is now selling about 2¢ under the similar future in Chicago.

Weather in the Argentine has turned warmer,and beneficial precipitation was received in Cordoba, Santa Fe, Entre Rios, and the northwestern sections of Buenos Aires. That market is lower today, which indicates they have no apprehension over the light frosts which occurred recently. With their present prospects, they should have no difficulty in making up any loss that has been sustained in Australia. Broomhall reports that the weather in France is favorable for seeding, and the condition for early-sown wheat is good.

Shipments from Russia this week have been surprisingly heavy, amounting to 952,000 bu, and the Black Sea has furnished 896,000 bu. From August 1st to November 4th world shipments have averaged 11,262,000 bu, and if Broomhall's world requirements are to be met the average weekly shipments from November 4, 1938 to July 31, 1939, will have to be 10,272,000 bu. With the Southern Hemisphere approaching harvest, together with the existing surpluses in North America, this should not be very difficult.

According to Sanford Evans' figures, up to November 4th, the total exports of wheat and flour from Canada have amounted to 52,289,455 bu, which leaves a balance for export and carryover of 230,537,545 bu, compared to 87,952,330 bu at the same time last year. The actual overseas export of United States wheat and flour from July 1st to November 4th amount to 31,635,000 bu. Allowing 700 million bu for consumption, this would make the amount available for export and carryover 362,000,000 bu. If we should succeed in exporting 70 million bu more wheat which would give us our objective of 100 million bu, it would then leave us with a carryover on July 1, 1939, of approximately 292 million bu.

After the close of our market yesterday, the Department of Commerce released the figures of the big mill stocks as of October 1st, indicating 130,197,593 bu in that position. Adding this to the amount on farms, in country mills and elevators, and in the commercial visible, which figures were previously issued, would indicate 850 million bu in the four positions, or 91 million bu more than we had at the same period last year.

Receipts in the Southwest are rather light, amounting to only 85 cars. There is no comparison against last year when there was a holiday. Stocks at Kansas City and Minneapolis so far this week show a total decrease of 25,000 bu. Primary receipts amounted to 890,000 bu versus 812,000 bu a week ago. Carlot receipts in the Northwest

(O V E R)

were a little heavier, totaling 302 cars against 222 last week.

There was practically no precipitation overnight, but indications are rather encouraging for rain or snow over the Northwest tonight; also probable showers tonight and Friday over the Southwest and Central West. If this moisture should materialize, we would consider conditions in the winter wheat belt as quite satisfactory.

All grain markets in this country and in Canada will be closed tomorrow --Armistice Day, and the usual pre-holiday quietness seemed to prevail about the Exchange. Our market opened somewhat lower in response to cables, and at the close showed a decline of 3/8¢ per bu. We have heard of no export sales made overnight from this country, and the domestic demand remains very quiet.

Corn showed independent strength, and offerings from the country are rather light. There will be a government report issued after the close today; and undoubtedly within the next few days we shall have more information regarding the corn loan for 1939.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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141 W. JACKSON BLVD.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO November 14, 1938.

World wheat shipments were 11,463,000 bu this week, which was slightly larger than the previous week, although smaller than last year. It seems that the largest quantities now are put afloat by North America, with nearly 6 1/2 million bu having been furnished this week, probably comprising mostly Canadian wheat, which we understand was sold recently at sacrificed prices.

This resulted in slightly lower markets abroad for the nearby future, although the weakness was somewhat greater actually because of the decline in sterling. For several days now the demand for dollars has been more urgent in foreign exchange transactions, partly due to various rumors about the tripartite agreement, the belief being that there might be a realignment, although there has been nothing definite to confirm this view. There is, however, a large flow of foreign funds to New York, partly for trading in securities, but the transfer of these foreign currencies is not alone for speculative purposes, but very largely as a matter of safety.

The Commerce Department reported that the gold imports during October had jumped to a new high record of $562 million, and this sharp upswing reflected the panicky flight of capital from Europe, which was occasioned by war threats. At the present time, the influx of the yellow metal has partially abated, but until such period as confidence is fully restored in Europe, we feel that the purchase of dollar exchange will continue; and this should finally result in still further declines in the sterling rate.

The fresh demand in wheat export circles was limited, and although the situation abroad has become somewhat clarified, with importers gradually absorbing some of the afloat cargoes, there are still uncertainties as to what the Argentine government may do at a later period in order to get wheat into circulation. It is thought that possibly they also will give the farmers a certain basic price and then subsidize abroad in competition with the United States and Balkan countries which are selling wheat in foreign countries at prices far below those which prevail at home. This, of course, might cost the government 15¢ to 20¢ a bu to accomplish the export business, but would be along the popular lines of thought in trying to bring about an improved export trade.

There was rainfall reported in wide sections of the Argentine over the week-end, particularly the provinces of Buenos Aires and Cordoba, and before very long there should be pressure from that source as the crop, if anything, is slightly early. The Argentine government estimates remaining surpluses on hand, as of November 12th ,at close to 16 million bu, or very near the same quantity which was available last year at this time. This, of course, means that offerings cannot be heavy until new wheat has been harvested, but in any event the effects of the small crop of the previous year should no longer be a factor from this time on.

When the visible supply was published today it showed a decrease of 1,109,000 bu, which was rather modest compared to a shrinkage of 4,316,000 bu last year for the same period. There is still nearly 125 million bu in all positions, or 10 million bu in excess of what was held in 1937. Chicago stocks decreased 502,000 bu, but there is still 13 1/2 million bu locally held. Today's primary movement was about in line both with last week and with last year-- 903,000 bu being received, while shipments were slightly under that amount.

At the last December wheat was 1/8¢ per bu lower than the previous session, while the May declined the same.

There was very little spreading between months, although some hedgers going into the distant delivery at 2 1/8 to 2 1/4¢ per bu.

There was no change in the corn news; country offerings are becoming smaller, in fact in parts of Illinois they have been the poorest in many years. This same tendency will undoubtedly continue, as farmers who have put corn into cribs are not likely to take it out and market it while the price remains at such a big discount under the government loan price. For that reason, some are of the opinion that the discount of December under May is sufficient, because in all probability the movement will never be a burdensome one.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Nov. 15, 1938.

The Argentine government in a move to aid producers decreed publicly the fixing of minimum prices on wheat, which figured about 59 1/2¢ per bu. It seems to be the public trend in government activity to subsidize various articles where a surplus exists, and in doing this the public treasuries are brought into play to bring about a different price structure for prices at home as contrasted to those which will put articles into consumptive channels abroad.

This naturally raises several basic questions: the first, of course, is whether this has proved effective; and secondly, brings up the issue as to how much greater the demand has been when wheat has thus been forced through export channels on an artificial basis. From our studies we do not believe that there is much relationship between export shipments and prices. On November 7th, for instance, #2 yellow hard winter wheat was selling in Chicago at about 66¢ per bu, while in Liverpool it was bringing only 54¢ after paying various transport and other charges. French wheat for which the miller at home had to pay $1.65 per bu at elevators in France, was offered delivered Liverpool at 52 1/2¢; new crop Australian wheat, for which consumers at home will have to pay about 90¢ per bu at country stations, was offered CIF Liverpool at 66¢, with ocean freight alone to say nothing of other costs averaging 25¢ per bu. Heavy subsidized Rumanian wheat was offered in England at 48¢ per bu, after a trip down the Danube through the Black sea. Canadian #1 northern, for which the government was paying 80¢ at Fort William, was offered at Liverpool for 76¢. As a result of all government activity in various nations, from August 1st to November 4th, world shipments of wheat and flour totaled 157 million bu, or 8 per cent smaller than the ten-year average. This also takes into account that several countries, including the United Kingdom, had been adding to their war reserve.

We do not believe that the Argentine plan will have much bearing upon the world price level. Experience has always taught them that with home consumption taking the smallest proportion of their annual production, they must find markets abroad, and regardless of what the farmer receives for his product they must finally compete with other exporting nations. To this extent it might create a serious problem owing to the fact that the Argentine government undoubtedly wants to limit its losses and after paying the farmer a guaranteed price, there is quite likely to be urgent selling. This will not be particularly healthy at a time when the world is in a mood to buy only from hand to mouth.

Liverpool prices were slightly higher, the close showing an advance of 1/4 to 1/2¢ per bu, but sterling was a partial offset. There is a difference of opinion as to the future trend of British exchange; some believing that the United States trade agreement with that country might have a stabilizing effect upon their currency, while others point out that Great Britain would stand to lose more than she could gain through devaluation, because of the need to buy abroad for her armament program.

There was quite a good Manitoba business reported --possibly 3/4 million bu sold for export, which undoubtedly brought about removal of hedges in Winnipeg, with the result that their market was firmer than ours. It still seems to be the policy of the Canadian Wheat Board to hedge only a part of its holdings, and judging from pit operations up there, they have not taken advantage of recent advances by selling futures against the portions of cash wheat remaining unsold.

Trade was again extremely light. Yesterday's transactions in the wheat pit were slightly in excess of five million bu, and this is hardly more than a single large house might have dealt in during active times. Trade in corn, while not heavy, was actually larger

(O V E R)

and total transactions in all grains amounted to only 12 million bu. It seems that without further incentives it is difficult to induce outside speculators to make commitments. There is still a large open interest in December wheat, with more than 40 million bu still to be dealt with, but liquidation is slow, although we believe that it will finally bring about a widening of the carrying charge between December and May.

Primary receipts were 841,000 bu, and no comparison can be made with a week ago, when there was a holiday; last year they were 627,000 bu. Stocks at Kansas City and Minneapolis show a net decrease of 45,000 bu.

At the last both deliveries showed an advance of 1/4¢ per bu.

There had been a report from Buenos Aires that a frost occurred again last night, but from our own advices, we doubt whether it did much damage and was probably light.

Corn continued with a firm undertone. Bookings from the country are extremely light for the time of year and will probably remain so because the farmer has no incentive to sell when he can obtain so much more from the government under the loan. This, in all probability, will give us firm markets as we do not expect burdensome arrivals under these conditions. The carrying charge between December and May narrowed slightly, the belief prevailing that the demand will probably be sufficiently good so as to discourage heavy deliveries during December.

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DAILY MARKET LETTER

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141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO November 16th, 1938

Contrary to the belief that new export sales had been made from Canada, it was revealed that the business consisted largely of afloat wheat which had been sold abroad at less than replacement cost. In any event, Liverpool was very weak this morning, and instead of registering higher prices, as had been expected, they actually came lower, with the nearby month declining 1 1/2¢ a bu. Other futures showed losses but were not quite as weak.

There was general realizing and demand on part of millers was very small, while cheaper offerings from exporting countries were a factor. Some consider the possibility that when the trade agreement between the United States and Britain is announced tomorrow after the close, there might be a provision for the removal of import duty into Britain on wheat from this country; and very likely such an influence was reflected in cash transactions abroad.

Liverpool did not pay much attention to the minimum price established yesterday in the Argentine. The fixed price of 59 1/2¢ for the 1939 crop was probably not considered generous by farmers in that country who had been hoping for something better; but, nevertheless, after paying freight and other costs, this means approximately 80¢ for the wheat delivered in Europe, which is well above the price at which similar sales are being made competitively. For example, No. 3 Manitoba, is bringing only 72¢, and Australian wheat 66¢. Therefore, it is quite probable that the Argentine government stands to take a loss through these subsidies, possibly from 10 to 20¢ a bu.

Ordinarily we find in this country that the largest share of the export trade must be handled during the first four months of our crop-year. Up to the present time, or in nineteen weeks, we have shipped 33 million bu, or an average of 1 3/4 millions a week. With that in mind it does not appear, even with the efforts on part of the government, as though we could reach the goal tentatively set at 100 million bu. Naturally the business will become more difficult as Argentine pressure becomes more of a factor. Of course, if we assume that we might ship the same pro-rata quantities during the remaining thirty-three weeks, it would mean 91 million bu. It is interesting to note that Broomhall has not changed his estimate for United States requirements, still holding it at 56 million bu, claiming that the world demand for United States wheat so far has proved disappointing and that he doubts whether there will be a sufficient demand to absorb 100 million bu, even if the subsidy is further increased.

Meanwhile, Canadian exports are keeping Europe quite well supplied, shipments this past week having been about 5 million bu, but still the visible supply in that country is large, being 107 million bu greater than in 1937. Since August 1st, total world shipments to Europe are 27 million bu greater than last year, while ex-European countries took 5 million bu more; but, as we pointed out in our market letter yesterday, these totals are considerably under the ten-year average.

Primary receipts today were very moderate at 632,000 bu compared with 928,000 bu last week, which was for two days, and 615,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a net decrease of 107,000 bu.

Our market opened somewhat lower in sympathy with foreign weakness, but there was never heavy pressure, and practically no short sales are being made at this time, as the price does not lend much encouragement to that type of activity. Moreover, there is a little government buying from time to time, which means removal of hedges from our market, and, therefore, most traders are staying rather close to shore. This, of course, gives us narrow fluctuations, and during the past three or four weeks there has not been any material swing in either direction.

Weather is mostly dry in most sections, although the government weekly crop comment calls attention to the improvement in a good many sections where previous rains had helped.

At the last December wheat showed a decline of 1/4¢ a bu, while May wheat was unchanged.

Only moderate transactions took place in the corn pit. The details as tonconditions under which farmers can borrow money from the government against this year's production are now being prepared and will be released in a day or two. These loans will undoubtedly be available by 1st of December, but it is already known that the price will be considerably above current market values. While this situation exists movement from the country continues light.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO November 17, 1938.

There was not much export business overnight, but little had been expected. The Anglo-American trade agreement will be signed in Washington late this afternoon, and naturally importers in England wanted to know first the details before making new commmitments. It was believed in London that there would be some tariff concessions granted for wheat; it stands to reason, therefore, that if the import duty is abrogated the demand for U. S. wheat might improve. Several American exporters are in London at this time presumably with the idea of trying to do business, and the trade is more or less at a standstill until these new developments are made officially public and clarified.

The cash demand in England is still reported quiet. There were heavier shipments from the Black sea, amounting to 2 1/2 million bu, and only a small part of this was Russian wheat: namely, 224,000 bu. Estimated Argentine shipments are light this week at only 808,000 bu, but this was also expected because the surplus quantities remaining in that country are small, being in the neighborhood of 15 million bu, and no large volume will be put afloat until after the next harvest.

Despite the recent frosts in that country, a large crop is looked for, and the weather has now turned warmer. According to a private cable to a local house here in Chicago, frosts this week were confined to a small area, and while some damage was done it was not material in relation to the whole crop. Actual prices in the Argentine will not be important from now on. At present the market is just above the fixed minimum, but naturally with the government paying the farmers a guaranteed amount, the important item is the price that the Argentine wheat is bringing abroad after the subsidy is granted by the government. It is only natural to assume that with the large surplus in sight there can be only one aim, and that is to get wheat into export channels. If there is no abandonment the acreage in that country will be 1 1/2 million acres above the ten-year average, and competition will become important within a few weeks, even before the actual movement gets under way, as offerings have to be made in advance in order that freight engagements may properly be made.

As far as the North American situation is concerned, there is little change. The actual overseas shipments from the United States of wheat and flour are 33 million bu, and there is still available for export 236 million bu after allowing for home consumption and a moderate carryover.

Canada has improved her position by the larger shipments during the past few weeks, and up to the present time nearly 58 million bu has left the country. But even with this betterment there is a balance for export and next year's carryover of 214 million bu compared with only 84 million last year, and it will be some time yet before they can consider themselves greatly relieved, although headway is being made.

On basis of Broomhall's estimates for export requirements, world's weekly shipments should average about 10 1/2 million bu, but in view of the fact that during the first 15 weeks more than this quantity was actually shipped, it requires only 10,240,000 bu during the remaining period, and when the Southern Hemisphere reaches its peak it may be difficult for other nations to compete except at competitive levels.

Primary receipts today were 839,000 bu versus 890,000 bu last week, and 508,000 bu last year. So far this week stocks at Minneapolis and Kansas City show a total decrease of 144,000 bu.

(O V E R)

At about mid-session there was an announcement on the broad-tape that the wheat preferential tariff of 6¢ per bu now imposed upon our wheat into Britain would be removed in the trade treaty. While we do not know whether this is official, the chances are that the news crept out, and is actually a fact. In any event the market advanced, presumably on the hope that it might create a better demand for American wheat; together with the subsidy already in vogue it might enable the FSCC to do a better business, or at least to take a smaller loss. However, we call attention to the fact that prior to 1932 when there was no tariff into England this country did its share of the business, and it was never considered a particularly bullish item that along with countries outside of the British empire we had not been discriminated against.

At the last markets rose fractionally, with December wheat 3/4¢ per bu up, and the May advancing in about the same proportion.

Corn hardly responded to the better sentiment, and it seems that this cereal has lost a few of its friends temporarily, as the advance had been quite rapid, and traders are waiting to see if there is any improvement in the export demand before making new commitments. We consider this cereal in a healthy situation. The movement will never be heavy with the loan price so attractive to farmers; today, for instance, primary receipts were 1,126,000 bu compared with 1,821,000 bu a year ago.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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141 W. JACKSON BLVD.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO Nov. 18, 1938.

On August 21, 1932, Great Britain adopted a preferential tariff of about 5¢ per bu in gold values in favor of her colonies. This came at a very inopportune time, as far as the United States was concerned, because taking the various holdings of the Farm Board into account, there was about 100 million bu of wheat that had not been consumed which had to be disposed of. During the five or ten years prior to that period we had exported on an average of 40 to 50 million bu of wheat and flour each year to the United Kingdom, and with that market removed it naturally was quite a loss to us, although it is doubtful whether we would have shipped much of our wheat to England that year, as the Canadian wheat even then was so cheap in comparison with ours. In any event, the tariff question had a psychological effect, because this country at that time had about 17 million bu of wheat to be shipped to Brazil in exchange for some coffee through governmental barter arrangements, which in turn released an equal amount of Argentine wheat that was finally exported in competition with other surpluses.

The trade agreement, which was signed in Washington yesterday, re-establishes Britain as a free import country for all wheats, putting her back in the same category which she held prior to 1932. We doubt, however, whether the good immediate effects that have come with the abrogation of this duty are as great as the ill effects we suffered when the duty first was imposed. It is true, of course, that we are placed back in the same relative and competitive position which we occupied for possibly 100 years, and this should eventually bring about some benefits, owing to the fact that England imports about half the wheat taken every year by Europe.

At the present time, however, competition by foreign governments is quite severe, as so many of them are granting subsidies in an effort to reduce surpluses. While it may take greater sacrifices on part of Canada and Australia to get supplies into consumptive channels, we are convinced that this will be done because the largest proportion of wheat raised in those countries has to find a foreign outlet.

Liverpool was very little affected by repeal of the duty and actually closed higher for most futures, although the opening had been weak, as it was thought quite a quantity of American wheat might be sold through subsidy, with the added advantage that we had gained by having wheat admitted free into Britain. It seems they have instituted new deliveries abroad for March and May wheat representing the duty-free wheat, but we cannot quite reconcile this move in view of the fact that domestic consumption is very large in England, and that, therefore, present stocks of old wheat will soon be disposed of. Therefore, whatever new imports occur after January 1st can be applied on either old or new contracts, and one would imagine they would both be selling at the same price.

Harvesting of wheat has already started in the northern sections of Argentina and seems to be quite active. High yields are generally expected, provided there are no climatic setbacks. Broomhall's agent believes the exportable surplus is likely to exceed 184 million bu which would suggest that the entire crop for that country might be more than 280 million. In addition to that, there is a moderate carryover, but it is not abnormal.

So far as Australia is concerned, production is privately estimated at about 139 million bu, which is considerably smaller than last year's bumper crop, but yet quite large, in view of the adverse weather which took heavy toll, particularly in Victoria, where the drought was most severe.

(O V E R)

Regardless of what added stimulus there may be to export market the overnight demand was completely flat. We presume there is no significance to this, except that importers are inclined to await further developments. They are naturally aware of the fact that on the wheat which they buy from countries outside the British Empire they will no longer have to pay the duty, and to this extent, it will make those supplies cheaper, so that there will undoubtedly be a re-appraisement of various competitive values.

Primary receipts today were quite good and amounted to 896,000 bu, compared with 535,000 last year --a week ago there was a holiday. Stocks at Kansas City, Duluth and Minneapolis show a net increase of 275,000 bu. The only point which increased was Duluth, and we presume there will be a shifting of stocks from that market to Buffalo, in preparation for the close of navigation. With the milling demand very quiet, we do not look for a large shrinkage in the visible supply next Monday. A year ago the decrease was 4,352,000 bu, but at that time shipments from primary markets were very large and this was responsible for the total visible decreasing heavily from this period onward. For example, on November 6th total supplies were 119 million buand through steady declines they reached 87 million on January 1st. Nothing of this kind is indicated at present unless there should be an appreciable improvement either in the domestic or export situation.

At the last our market declined on rather small liquidating sales, December wheat showing a loss of 5/8¢ per bu, while May wheat was 1/2¢ lower. Strange as it may seem Winnipeg futures gained slightly upon ours. This may be attributed to the fact that the tariff change had already been discounted, and with the fine quality of the Canadian wheat it will find a place in Europe, particularly as the lower quality Danubian wheat will require admixture for the making of good flour.

Corn was fractionally lower, and despite the intrinsic merit which this cereal has, there is no great enthusiasm on the buying side at the moment. We consider the reduction of tariff from 20 to 10¢ per bu on Canadian imports as constructive. In times past Danubian or South African corn found its way into Canada when the logical market should have been from the United States.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Nov. 21, 1938.

Liverpool quotations did not fully reflect Saturday's weakness in North American markets. This, however, is understandable when we look at the foreign price level. New May wheat at Liverpool is selling for 61¢ per bu with all charges paid. Of course, this future no longer bears a duty from any export nation, but a good deal of wheat which is finally tendered on this contract will have to pay a good many charges, such as transportation, handling, elevation, etc., and with other incidentals they might amount to as much as 20¢ a bu. In other words, the Liverpool price can only be so low because of the various subsidies offered by the government where export surpluses exist; and it further presupposes the idea that such subsidies will continue for many months yet at the expense of various taxpayers throughout the world.

What has actually happened, of course, is that wheat is being dumped abroad, and Liverpool is one of the targets for the surplus wheat for many exporting nations. The United States is probably better able to stand such a burden than many of the smaller countries, and while our national income last year was 67 1/2 billions of dollars, or the largest since 1930, it is also a fact that 18.2 per cent of this national income went towards federal and local taxes, which was the largest percentage in the history of our country. In 1926, for instance, the national income was 73 1/2 billion dollars, but then only 12 per cent went toward tax payments. That it is costing us a great deal of money can be seen from other comparisons when we observe that outside of indirect and various other incidental taxes $12,300,000,000 last year was collected from the American citizens for federal, state and local taxes, or very much more than the total farm income, which may reach 7 1/2 billions of dollars.

With Liverpool May wheat now selling about 4¢ under the same future in Chicago, there seems to be a better investment trade, and we should not be surprised to see comparative strength there even if markets in exporting countries should decline.

World shipments this week were quite heavy at nearly 12 million bu versus 10,794,000 bu last year. Foreign demand for North American grain was quite flat, except for some domestic wheat that had been sold to Mexico, presumably from the Pacific coast. There is still an attempt being made, from what we gather, to sell some wheat from this side to Britain, although no sizeable quantities are yet confirmed. From August 1st up to the present time the United Kingdom has imported 5 million bu more wheat than last year, and a half million bu less flour. With her consumption quite uniform one year as compared with the other, and with no further provision apparently being made at the moment for war reserves, it might be that only hand-to-mouth purchases will take place. Russia, which at the beginning of the season loomed up as one of the large exporters, is becoming rather unimportant now, although total shipments since August 1st have amounted to slightly more than 31 million bu.

The important feature now is the outcome of the Southern Hemisphere crop, and every indication points to greater combined production for those two countries than last year, with the bigger surplus in the Argentine more than offsetting a smaller crop in Australia. The largest shipper at the moment is, of course, Canada, and we believe when the distribution is given of this week's shipments that the greater portion of the 6,355,000 bu put afloat will have been furnished by our northern neighbor. Up to now country deliveries in Canada have been enormous, amounting to 237 million bu against only 90 million bu the previous season. The fact, however, that Manitoba wheat is of such choice quality will undoubtedly lead to a continued demand, as high grade varieties are required for mixing purposes.

(O V E R)

Primary receipts today were substantial at 1,076,000 bu versus 903,000 bu last week, and 763,000 bu last year. When the visible supply of wheat was posted it actually showed an increase of 719,000 bu, with total stocks in various positions of 125,648,000 bu, or 15 million bu more than was on hand a year ago. Chicago stocks decreased 620,000 bu, but there is still 12,837,000 bu held here. As we look at the various other visible supply points we find about 12 1/2 million bu at Buffalo, more than 17 million bu at Duluth, and according to reports from Buffalo they are pretty well filled there with all grains. Furthermore this is a year when undoubtedly large amounts wil come from Canada for winter storage purposes, as formerly there was the handicap that when Canadian wheat was shipped to an American port regardless of its origin, British authorities assessed a duty against this type of wheat even if it were shipped secondarily from an America port. Therefore, we doubt whether there will be much eastern demand for Chicago wheat, and we look for the carrying charge to gradually widen, as it costs 5¢ per bu storage alone for wheat from December unt May, with other indidentals such as insurance, interest, etc.

At the last December wheat showed a decline amounting to 1/2¢ per bu, while the May was down 1/4¢ per bu.

Corn seemed to have its own difficulties. There was another good increase in the visible supply of 3,795,000 bu, and we now have 22,734,000 bu more than was on hand a year ago. It is true, the countr is not marketing heavily, but yet there are a certain number of non-compliant farmers who will market their corn, and with large supplies on hand it is apparently having the effect also of bringing about wider carrying charges from December to May.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO November 22, 1938.

The foreign situation appeared somewhat more strained this morning and there was talk that Germany might recall her Ambassador from Britain. There was also additional trouble in Czechoslovakia, making necessary a trip by the German Foreign Secretary to Italy, with the result that sterling was very weak today, declining about three points. This more than offset the advance in Liverpool wheat quotations, which had showed an advance of about 3/8 pence, as at the present time we figure that each seven points of sterling exchange is equivalent to about 1¢ a bu. Economists are not agreed as to the future trend of British money. Undoubtedly, further weakness would bring about a better export trade for English products, but on the other hand, it would make more expensive purchases required for armament prospects, and therefore, there would be disadvantages, as well as benefits. In any event, the United States still seems to be the safest haven for capital funds, and this is apparently recognized by the entire world, with the result that even with the slower influx of gold from abroad at this writing, we are still gaining refugee capital from other European capitals, and very likely the trend will continue in this direction until there is real pacification abroad.

Since the beginning of devaluation in 1934, the average monthly imports of gold have been about $125 million, with the consequence that we have the largest gold fund in the history of our country, and as much stored away as there is in the combined treasuries of the balance of the world. The gold inflow is one of the basic factors which determine the course of our banking and credit system, and has suggested great inflationary tendencies, with the further element of rearmament in this country, which will probably require the expenditure of several billions of dollars annually, if we are to carry through the program outlined by the Administration. At the request of the President, studies are being made relating to economic effects of governmental spending, and an earnest effort is also being made to review and readjust its whole fiscal program. Should this be completed within a comparatively short period, it might be the backbone of the budget message to Congress early in January, according to well-informed commentators.

As we stated yesterday, Liverpool appears to be the cheapest market, and the reason, of course, is that various governments in exporting countries are offering subsidies which permit the price, after payment of all costs, to be so low in the consuming countries. This cheapness has very likely brought about a better investment market in Liverpool, and even with today's advance, new May wheat is quoted there at only 61 5/8¢. The great difficulty some day will be to reverse the policies which have been set in motion through the establishment of the subsidies. Once the farmers have been given this added encouragement, it is not so easy to remove it. There was a great clamor in the Argentine for a minimum price this year, and in spite of various financial problems which the government had to face, the campaign for renewal of basic prices is an apt illustration of the danger of establishing a precedent and of how easily vested interests grow.

At the present time, there is not much pressure from exporting countries. The Southern Hemisphere harvests are coming closer each day, but it is still early. The movement in the north of Argentina has commenced and cutting of wheat is extending, but there were general rains again yesterday in various provinces, which will probably delay field work and it is apparently a mistake to lay too much stress on an early movement, as we have seen so often how the calendar plays its part. Of the heavy world shipments this week, the Southern Hemisphere contributed only 1,268,000 bu, and this volume will not swell until harvesting operations are more nearly completed. The United States, as we had forecast, furnished only 976,000 bu, while Canada actually placed 5,379,000 bu afloat, and apparently realizes that her future depends upon her ability to rid herself of the large burden occasioned by the big crop.

(O V E R)

Primary receipts were quite small today, at only 526,000 bu versus 841,000 bu last week, and 492,000 last year. Kansas City and Minneapolis stocks show a net decrease so far this week of 16,000 bu.

There was very little export demand reported except moderate quantities of Manitoba wheat afloat. However, our market was firm on the political news, and lack of pressure, with December wheat advancing 1/8¢ per bu, while May wheat was up 1/4¢.

Corn had a slightly better undertone. The FSCC has accepted bids from 29 milling companies to supply the government with cornmeal, which will be turned over to relief agencies for distribution. In handling this there will be one bushel of corn for each 44 lbs of meal sold to the government. It is thought that some of the accumulations on part of the government will be distributed in this manner rather than have the corn placed on the open market.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO November 23, 1938.

Sterling showed a firmer undertone and French exchange was ightly better despite strikes and labor troubles that are occurring n France. The difficulty in that country is to get people to work. ced with a national emergency because of the necessity of re-armament equirements, longer hours are needed than the forty-hour week which as established more than a year ago. In France the citizens have oney --the great pauper is the State. There is plenty of money in he country and there is considerable internal purchasing power. here is also a certain amount of foreign demand for French goods hich has increased, due to the fact that French prices have been owered by devaluation of the franc. Moreover, there is a huge mass f expatriated capital, a great part of which is anxious to return ome, if it can find a moderate, but stable, return. Until now the rench wheat office had encouraged exports of wheat, but owing to the heapness of world prices, no further export quotas are being granted, ut instead, they are trying to find a solution to their problem of urplus by trying to stimulate exports to the colonies. They are lso resorting to acreage quotas for farmers in order to prevent a ecurrence of the heavy surpluses.

France is an interesting country, having a population of about orty million people and is second largest of all European nations, ut yet has only an area about the size of Illinois, Ohio, Michigan, nd Wisconsin combined. A greater proportion of land is capable f cultivation than in any of the large European countries, and as bout half the population is peasants who live right on farms, it is lmost a certainty that agriculture will continue as one of the most mportant industries. Because of the high tariff wall, wheat raising as been remunerative, and in many years France raises about one-hird as much as we do. French wheat is quoted CIF Liverpool at 51 7/8¢ compared with No. 3 northern wheat, Atlantic shipment, at bout 74¢, and this points to the fact that the export program has ot been particularly satisfactory.

As we draw nearer to the Argentine wheat movement, it is interesting to see how they will meet their problem. The government has agreed to purchase all offerings at the minimum price of approximately 59 1/2¢ a bu, and will then sell the grain to exporters at the market price, when there is a demand from abroad. It is hoped that whatever losses are sustained may be covered by the foreign exchange profits, and if the world level of prices is not too low, this may work out fairly well, although it also depends upon the actual number of bushels dealt in. There was an acreage report issued late yesterday showing 8.6% more sown than the previous season and indications point to probably the largest wheat crop in ten years. Broomhall's agent maintains his early estimate for a surplus in 1939 of 185 million bu, which would be as large as the total crop produced the year before. Others are talking even higher figures, but there will be no official production estimate available until about the middle of December. Heavy rains occurred again yesterday --in some places nearly 1 1/2 inches fell, and this will undoubtedly delay the movement, but the moisture is bound to help the late wheat in the South and is also splendid for the new corn crop.

Liverpool prices were unchanged to 5/8¢ a bu higher, no particular feature being noted, except that India had purchased two Australian cargoes, and apparently there will be a further demand from that country, as rain is badly needed and fears are entertained that the wheat acreage will be reduced, so that fair imports this season may be required. Export demand from North America was generally quiet, very little, if anything, being sold from the United States, although a fair quantity of Manitobas was taken, largely from the Pacific Coast for the United Kingdom.

Primary receipts were 759,000 bu versus 632,000 bu last week, and 567,000 bu last year. Stocks at Kansas City and Minneapolis show a net decrease of 40,000 bu so far this week.

(O V E R)

There was no particular trend to the wheat market, firmness was imparted by the better undertone in corn, although December liquidation had a somewhat depressing effect upon the market. There was still 34 million bu of the nearby future open, but it is being reduced daily with longs taking the initiative, bringing about a wider carrying charge. At the last December wheat showed a loss of 1/8¢ per bu, and the May was unchanged.

Corn, as previously stated, was somewhat higher. Owing to the farm loan the movement is restricted, and receipts are not burdensome anywhere, although with accumulations which have already taken place, there is a carrying charge of better than 4¢ per bu. from December to May. Ordinarily at this time of the year receipts increase and are large during December and January, but it will probably be a different story this season. With the large industrial uses in and around Chicago we have been able to consume 33 million bu locally during the past two years, which is a fair percentage of the amount that comes to terminal markets. It is doubtful whether these industries will be able to get their ordinary requirements without difficulty unless the price advances to a point where the country becomes a freer seller.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO Nov. 25, 1938.

Growing labor troubles in France, with the possibility of a general strike, had an adverse influence on foreign exchange markets. The French franc was quite weak, and this in turn influenced sterling also, with the result th t the demand for dollars was accentuated, and before our market opened this morning, the British unit had declined almost three points since last Wednesday. There was apparently no attempt made by the British control to intervene while such a heavy demand from the Continent continued, although later in the day they lent some support which helped to stem the decline. With political uncertainties also, the flow of capital continues to the United States and ordinarily this would be a bullish factor on Liverpool wheat, but apparently with new crop Argentine wheat offered so much more cheaply, demand was insufficient and Liverpool prices finally showed heavy declines, particularly for the new May wheat future, which represents wheat in England that pays no duty. At the last, values for this delivery declined 1 3/4¢, although other months showed less weakness, while December wheat was actually 1/4¢ higher! There was very little activity while we celebrated Thanksgiving Day here yesterday, and during that period, both Winnipeg and Liverpool ruled very quiet.

Shipments this week from the Black Sea, including 416,000 bu shipped by Russia, are slightly over 2 million bu, which is less than a week ago, but compares with 1,224,000 bu last year. There was a fair quantity put afloat by Australia, 1,539,000 bu this week, but undoubtedly some of this must comprise new wheat, although separate figures are not kept. From the Argentine, shipments were small, being only 682,000 bu, but this is not at all surprising with the small amounts of old wheat remaining in that country. The picture will change just as soon as harvesting operations are resumed with the new wheat available. At the moment, Canada holds the key position, and is able to offer almost any quantity that Europe might want. Since the other exporters are furnishing so little, the amounts of Manitoba wheat afloat are gradually being cleaned up, and in that respect, the situation is becoming healthier.

Since August 1st, there has been a total of 63 million bu wheat and flour shipped from Canada, compared with only 38 million bu the previous year. However, with the large crop that was raised, there is still nearly 209 million bu available for export and carryover, and it will be some time yet before Canada may feel comfortable about her affairs. The reason we say this is because we expect aggressive selling on part of the Southern Hemisphere, particularly from the Argentine, where the government will likely do everything in its power to usurp foreign markets. The Canadian visible supply is still 107 million bu larger than last year, but in spite of this, the Winnipeg market holds quite firm, and we presume the answer is that not all of the wheat is hedged and the government is apparently not pressing sales domestically, but is awaiting better foreign demand.

In this country the situation is little changed. Pressure remains light because the farmers have sold a fair quantity of their supplies already and apparently are waiting for higher prices, or else are taking advantage of the government loan. Our clearances since July 1st, of wheat and flour, are slightly less than 33 million bu. This is the same figure which we mentioned in our letter a week ago, but there were some revisions made necessary for changes in prior weeks, and on this basis, there is still available for export 236 million bu, after allowing for a carryover next July of 125 million bu, and also assuming that consumption during the season will amount to 700,000,000 bu due to our larger population and the fact that at a low level of prices there is more wastage. It is interesting to note that 64% of our shipments was from the one port of Galveston. This ratio is rather startling when it is considered that there are so many ports vying for the business and that ordinarily, quite a large quantity goes via the Pacific coast. However, it seems to be the dark hard wheat that Europe wants while other grades are in poor demand. In that connection we point out that within another month or two, hard wheat from the

(O V E R)

Argentine will be competing with our Gulf wheat, and that, therefore, the government program must face that added competition.

Primary receipts for two days were 905,000 bu versus 896,000 bu last week, and 1,010,000 bu last year also for two days. Stocks at Kansas City, Duluth and Minneapolis show a net decrease of 1,034,000 bu. Duluth alone decreased over one million bu, but some of this wheat may show up again either on the lakes or at Buffalo; in any event we expect a decrease in the visible supply on Monday, which will compare with last year's shrinkage of 4 1/2 million bu.

While not responding entirely to the foreign weakness, December wheat ended with a loss of 1¢ per bu, and the carrying charge between this future and May widened to 3 3/8¢ per bu, which is the widest thus far. July wheat was comparatively the firmest, and with the ground freezing, while some areas claim insufficient moisture, there will undoubtedly be crop scares later on in the season. Condition as a whole is regarded as subnormal for this time of the year.

Corn was firm, and at times advanced, but weakness in wheat prevented too much enthusiasm. Receipts are light, and with a profitable feeding ratio and higher prices afforded the farmer for loaning than for selling his corn, pressure is not apt to be heavy during the period when ordinarily the market has to absorb most of the hedges.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO November 28, 1938.

World wheat production this year, excluding Soviet Russia and China, is now estimated by our Agricultural Department at 4,386 million bu. This is about 20 million bu greater than the estimate of a month ago, but it is about 540 million bu more than the 1937-38 harvest. With world stocks on July 1st estimated at 595 million bu, about 75 million more than a year earlier, total supplies are about ,980 million bu, or about 615 million bu more than a year ago. The act that two of the largest wheat producing countries are left out of these calculations should not make any material difference, owing to the fact that China even with a small crop will probably not import much this season; Russia may not play an important role from this time on, although exports since August 1st from that country have amounted to nearly 32 million bu, or not much less wheat than has been shipped from the United States since July 1st. On this basis it is a foregone conclusion that the world carryover at the end of this season will be enormous, and we shall probably have on June 30th, ,170 million bu, or nearly twice as much as was on hand the previous season.

This being the case, European buyers are complacent and need not stretch out for future supplies, except as they are able to fulfill their requirements on a satisfactory price basis. The problem, of course, is entirely one for the export nations. We believe that the FSCC is fully aware of the situation, and, according to figures which were released on Saturday, they had purchased from dealers and producers up until November 15th, 28 1/2 million bu. Since the start of their operations total exports of wheat and flour amounted to about .9 million bu, from which we conclude that there is still approximately 9 1/2 million bu on hand unsold. The price at which sales were made for export averaged about 12.5¢ per bu under the purchase price under the subsidy plan, and approximately 76 per cent of sales comprised wheat, while 24 per cent was in the shape of flour. Of course, the governmental agency during this 3-month period had one advantage that during the period of war scare, Europe bought very largely ahead, and this enabled them to do a fair proportion of the business while the political news was a factor.

There was not much incentive from abroad, actual British prices registered advances of 1/8 per bu to declines of 1/2 pence per bu, but these translated into American currency showed a slight advance, owing to the fact that sterling rose to $4.65 in sympathy with the better feeling on the Continent, which rallied the French franc also. It is thought that Daladier has matters pretty well in hand, and will probably win out even though strenuous and extreme measures were taken in an effort to prevent strikes.

During the past few sessions Winnipeg prices had gained fractionally upon ours. This may be due to the fact that, quality considered, Canadian wheat is probably the most sought after grain in the world, as it is needed so largely for mixing purposes with poorer quality lower protein wheat from other nations. Up to the present time marketings in Canada have amounted to 240 million bu versus only 92 million bu the year before; but, of course, there is not a great deal left on farms considering that about 40 million bu is always kept at home for feed, seed, etc., and from now on new pressure is apt to be extremely light. It is very peculiar that in most years the widest differences between Winnipeg and Chicago are witnessed at about the time navigation closes, but whether this year, because of artificial influences in both countries, will prove an exception remains to be seen.

The Canadian farmer is in a good frame of mind, not being required to reduce his acreage, and he is getting a good price, which is 80¢ for the highest grade at Fort William. Furthermore, fall rains in the three prairie provinces have been better than normal --in fact, better than in any year since 1933, according to Searle Grain Company's report. This is always considered important as moisture which falls

(O V E R)

before the ground freezes adds to subsoil reserve and makes it less necessary to have as much rain during the following spring.

Primary receipts today were 670,000 bu versus 1,076,000 bu last week, and 671,000 bu last year. When the visible supply was posted it showed a decrease of slightly over one million bu, and total stocks are now 124,560,000 bu, or close to 19 million bu in excess of last year. Chicago stocks decreased 374,000 bu, but there are still 2,463,000 bu locally held.

There was not a great deal of activity in the pits, but December liquidation continued, and at 3 1/2¢ difference numerous changing orders were executed, with some elevators and other hedgers apparently willing to go into the more deferred months.

World shipments this week were quite large at 12,335,000 bu compared with only about 9 million bu a year ago. North America is putting afloat practically one-half of what is being shipped now with Canada being the most important individual factor.

Corn was inclined to be strong early, but indifference caused some hesitancy and profit-taking. The visible supply showed a gain, but nothing very large for this season of the year, and receipts last week at principal terminals were about 2 million bu less than for the previous week. As previously stated, we do not look for any heavy accumulations, and consequently figure that after the first pressure is over the yellow cereal might do better.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO Nov. 29, 1938.

Our market opened practically unchanged, and there were no nw important developments overnight. Traders have been cautious for sme time about their dealings on the short side, owing to the fact tat moisture over the southwestern section of the winter wheat belt hs been generally insufficient; crop experts are already predicting tat unusually generous rains will be necessary during April, May and Jne of next year in order to insure normal yields.

On the other hand, export business has been exceptionally qiet, and those who a few weeks ago had looked for improvement must hve been disappointed. There was the hope that we might compete for te Brazilian market, but up to this writing nothing has been done in tat direction. Others thought there would be substantial sales to Egland after the signing of the Anglo-American trade treaty, but this bsiness did not develop either. There are representatives of the FSCC understood to be in England negotiating for some of this business. Aparently there is no intention on part of the Agricultural Department t abandon its plan whereby 100 million bu of American wheat will be snt through export channels this season. There is, however, some disapointment expressed that neither the volume nor the proportion of our eport trade had been moved during those months when we had the field practically to ourselves, with the exception of Canada; in other words, bfore the Southern Hemisphere pressure developed. Our main outlet wuld naturally be England, as this is one country which does not ngotiate for some barter plan, and if the price is right she might be nduced to take rather large quantities of our grain. Furthermore, Britain in an ordinary year imports about one-half of the wheat that Urope buys. It is probably fortunate that certain government officials can see for themselves how difficult it is to recapture foreign arkets after they have been lost to us for many years. Following the Farm Board era we had to prove to Europe that our grain was of good uality, and it was not an easy matter for the exporters to get back he business which others had taken from us.

The FSCC has stated on numerous occasions that they were perectly willing to have their dealings through recognized trade channels, aving observed that over a long period these exporters had built up ood will abroad. It is not true that any prejudice exists against our heat, and that the business can only be done in years when there is scarcity of other varieties. Our experience, however, has taught us hat the British buyers are shrewd and far-sighted. They realize that his is a year when surpluses exist almost everywhere, and they have aken advantage of this situation. For instance, Rumania is handling heat freely in fulfillment of the British government's recent purhase; but even apart from this agreement a fair amount of such wheat as been disposed of probably at very low prices. It has become ecessary to mix with this wheat a good percentage of high-strength anadian wheat in order to make good flour; probably this explains he recent improvement for Manitobas, while the demand from here was lmost entirely lacking.

Foreign quotations were somewhat mixed today, the nearby elivery being a little lower, while the deferred months were up. Still he overnight business was disappointingly poor, and without it our arket did not receive much inspiration.

Each day brings us closer to the Argentine harvest, and we elieve that pressure from that source will soon become the important actor. While the rain last week delayed cutting to some extent in the orth, it benefited other sections, and a fine crop is in prospect. he Australian harvest is well advanced, with receipts increasing, and probable outturn of around 140 million bu is likely, but the two ountries together will have a larger surplus than a year ago.

Primary receipts today were very small, only 331,000 bu compared with 528,000 last week, and 311,000 last year. Stocks so far this eek at Kansas City and Minneapolis show practically no change. We expect the decreases in the visible supply will continue, but on a very odest scale.

At the last December wheat showed an advance of 1/2¢ per bu, ith the May up in about the same proportion.

Corn has a great many friends, but there is no new aggressive uying. There was some American corn sold for export, but this did not timulate trade to any extent. The main feature to this market is the mall receipts during a period when we should have accumulations; uilding itself up on a sound foundation we think that later on bullish perations will prove profitable.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO November 30, 1938.

Daladier and his Cabinet were fully convinced that a general trike had to be averted for the best interests of France, and every ffort was exerted with this motive in mind. When the present remier came into power, he inherited a great many reform schemes, nd even though well-intentioned, these had prevented adequate work-ng hours for a country that had to compete with Germany for its ilitary survival. The only concessions which had previously been ranted in the way of a longer working week were in the airplane actories, but still that country was only manufacturing about one-ourth as many planes as were being built in Germany during the same eriod. While this is being written, a one-day strike is in process rotesting the Cabinet's recovery program, and although the militant easures have not prevented entirely the cessation of work by possibly wo million men and women in the big port centers, it is an assured act that the walkout has failed of its purpose all over France. All ublic services are already operating and private industry and com-erce is at peace almost completely, with due precautions having been aken to protect all workers from violence.

Both the French franc and the English monetary unit displayed a stronger undertone which was in itself evidence that the government ad won out, as financial centers generally have a way of sensing the victor, and apparently confidence has been restored, at least tem-porarily. With foreign exchanges somewhat higher, it had a slight earish effect on wheat prices in Liverpool, although declines were nly fractional, ranging from 1/8 to 3/8¢ per bu for the various futures. At the moment there is no appreciable pressure from any of the exporting countries, and even in Canada where the bulk of wheat is still held, there does not seem to be any aggressive selling. Actually, offers of Manitoba wheat were firmer and for the next few weeks, Canada will not meet much competition, even fromAustralia, where har-vesting operations are well advanced. At the same time, trade in Liverpool is quiet with the assurance that it is only a matter of time before surplus nations of the Southern Hemisphere will put their wares on the market, and meanwhile, there is practically no demand from the U S, although negotiations are still in progress, with the hope that the FSCC may be able to sell some Pacific Coast wheat to Britain.

It is, of course, a rather difficult task to interest the general trade, except at price concessions, with granaries throughout the worldpretty well filled, and other countries are following our lead in the matter of granting subsidies in order to bring about larger exports. All countries are competing for business, and it was reported recently that when the British government released Australian and Indian wheat from the emergency reserve stock, it was replaced with 7 1/2 million bu of Rumanian wheat. Canada is in a very peculiar position --her wheat is of wonderful quality, and is needed largely for mixing with other lower varieties, but during the first 17 weeks of the crop season, only 67 million bu were exported, which still leaves available for shipment and next year's carryover, 203 1/2 million bu. Up to the present time, European countries have imported 32 million bu more wheat than the previous season, while ex-European nations have taken four million bu more. It is interesting to see which of the nations furnished these extra amounts, and we find there were 26 million bu more shipped from North America, while the Argentine, Australia, and Russia each shipped an additional five million bu, and the same quantities, or a decrease, occurred in other countries.

Primary receipts today amounted to 667,000 bu compared with 759,000 bu last week, and 325,000 last year. So far this week stocks at Kansas City and Minneapolis show a net decrease of 16,000 bu.

One of the features to our market consisted of changing between various months. During most of the session December wheat was traded in at 3 1/2¢ under May, and at that point elevator interests changed

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heir hedges to May, while speculators apparently did the opposite. e believe that the open interest in December wheat will show another ood decrease; yesterday these contracts shrunk quite heavily, with till 19 1/2 million bu left open. Tenders for delivery were estimated o be about 1,200,000 bu, but very likely there will be more wheat on elivery after the close of navigation. At the last our market showed decline of 1/4¢ per bu; while pressure was light, there was also lack f leadership on the long side.

Corn was weaker, and in this cereal, too, there had been fairly eavy tenders. It seems, however, that the government had offered o sell some of its accumulated supplies, and while the quantity as exceedingly small fear existed that further sales might follow.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO December 1, 1938.

Our market has been in a rut now for several months, and it apparently requires more than routine news to interest the speculative trade. Undoubtedly, a good many people who had been long December wheat have changed their commitments over to the more deferred deliveries, and this has been responsible for widening of the carrying charge, although May wheat is selling at about the same price that it did six weeks ago.

During the month of November the Argentine crop made very good progress; commercial estimates vary from 280 to 300 million bu, while those for the Australian crop are in the neighborhood of 140 million bu. So very shortly Europe will be getting larger supplies from these Southern Hemisphere countries. Apparently, our government being fully cognizant of this situation, is trying to make sales to British millers. There are reports that a large quantity of wheat has been sold by the FSCC, or at least that these negotiations are nearing completion, although we have no definite confirmation of this business, but we would not be surprised to hear very shortly that an actual trade had been made. As previously stated, our government wants to attain its goal of shipping 100 million bu out of the country during the current season, and we do not believe that the price factor alone will deter them in their transactions.

Liverpool futures were fairly strong, December wheat gaining as much as 1 7/8¢ per bu, while the more deferred months advanced just a small fraction. It does show that there is not very much pressure upon foreign futures, even though shipments this week were somewhat larger than of late.

The Black sea put over 4 million bu of wheat afloat, of which 552,000 bu originated fromRussia. Argentine estimated shipments are 1,286,000 bu, which is almost twice as much as a year ago. Very likely the good prospects for the new crop are making holders of old wheat a little more aggressive.

As far as the world situation is concerned, it has not changed any, and on basis of Broomhall's import requirements of 548 million bu, it would only be necessary for weekly shipments to be slightly over 10 million bu to take care of these needs. During the first 17 weeks of movement world shipments have averaged 11,388,000 bu; but of course during part of that period war reserves were being set up, and we presume that from now on the buying may be of a more leisurely character.

There is one factor which prevents much short selling in this market; namely, the dry soil condition in the Southwest, and added to this, the comparatively low price level; so we might have somewhat of an upturn during December, which is the calender period when more often advances take place instead of declines.

Primary receipts today were 601,000 bu compared with 346,000 bu last year; a week ago there had been a holiday. Stocks so far this week at Minneapolis and Kansas City show a net increase of 10,000 bu.

The market was rather quiet; the open interest declined of late, with only 108 million bu of all open wheat contracts, further indicating that new incentives are needed. The upturn which took place today was on the belief that those government officials who are now in Britain will probably not return until they have effected sales of American wheat to English millers. At the last December wheat showed an upturn of 1 3/8¢ per bu, while the May wheat was 1 1/4¢ higher.

Corn was firm even while wheat was weak. There was a small quantity of export business, but the main feature, as we have mentioned so often in these letters, is the holding tendency on part of farmers. With feeding operations remunerative, and with the government loan price more attractive than marketing their grain, we are convinced that receipts will be light. With these factors in mind we believe there are opportunities on the bull side.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO December 2, 1938.

Under ordinary circumstances, we might have expected that Liverpool prices would have been higher this morning following the advances which took place here yesterday. However, in analyzing the news, one can readily appreciate that Britain's purchase of 20 million bu of United States wheat would have an adverse effect on the Liverpool price level, as naturally, the acquisition of such a very large amount at one time will probably satisfy the demand for several weeks. The exact details of this transaction are still lacking, but from the tenor of cables, it is our impression that the business will be spread over several months. We do not know what price English millers paid, nor whether the value was the same for different grades of wheat, but there is talk that at least some of the grain will be shipped from the Pacific Coast, although no official announcement has been made from Washington. The FSCC merely stated that 20 million bu wheat would be delivered to flour mills in the United Kingdom over a period of several months, and Department of Agriculture officials added that the prices would probably be set on a sliding scale and would likely closely approximate current market prices.

Strangely enough, this news has not inspired a great deal of buying. The reason is perhaps a basic one, because even though we are nearer the 100 million bu export goal, it is still almost a certainty that the carryover at the end of the season will be a very large one. This, in all probability, will necessitate some other export plan for next season, unless the 1939 crops are way below average. Even more remarkable is the fact that Winnipeg was so little influenced by this news. It is a foregone conclusion that whatever extra wheat is shipped from this country will be at the expense of other exporters, and still, Canadian futures gained on us today. While it is true that large amounts of wheat are left in that country, there is apparently no burdensome supply at points of shipment and this was claimed to be responsible for their comparative firmness.

The Argentine government published a general crop report last night. Figures were not given as to possible yields, although it was stated that in the North the crop was above expectations with the quality of the first returns excellent. In the Pampas and parts of Southwestern Buenos Aires, all crops had suffered local damage from frost and infestations. While rain fell in that country during the past 24 hours, we learn from reliable sources that the movement will still be somewhat earlier than normal.

Primary receipts today were 674,000 bu compared with receipts for two days last week of 905,000 bu, and 386,000 bu last year. So far this week Kansas City and Minneapolis stocks show a decrease of 135,000 bu. However, the Duluth shrinkage is a large one, with over 5 million bu shipped from that market during the last four days. It is quite possible, however, that a good portion of this will show up on the lakes or possibly at Buffalo, but in any event there is apt to be a good decrease in the visible supplynext Monday; it will in all probability be considerably smaller than the decrease of 5 1/2 million bu which took place a year ago.

Our market was not at all active, and the open interest decreased yesterday 1,807,000 bu. It seems that December contracts in being liquidated are not all reinstated by speculators in other months. At the last wheat was 1/4¢ per bu lower.

Corn was rather disappointing, and this cereal is also suffering from general indifference. At a time like this it becomes more apparent what a value speculation is to the trade, because without it farmers are bound to suffer.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO December 5, 1938.

Sanford Evans asks the question, "If subsidized selling prices cannot proportionately expand consumption, and thus start remedial tendencies, what good are they?" The fact remains that once this practice starts in any country it is difficult for other nations to compete unless they pursue similar measures, and now we hear of Australia's plan whereby a fixed minimum price of wheat has been set for home consumption, and on basis of present exchange, it amounts to about $1.20 a bu. An excise tax on flour will be collected to defray the cost of farmers as bounty on a portion of their wheat consumed at home. However, with the small population of that country, there are only about 35 million bu required for human food, and new Australian wheat is quoted 68¢ CIF Liverpool, so that deducting freight and other charges of about 20¢ a bu, this wheat is worth only in the neighborhood of 48¢ at the seaboard; therefore, the government will have to pay the farmer the difference between this price and the $1.20 which is paid for domestic use, or an expenditure of possibly $25 million for handling.

The Australian plan is more or less in line with measures adopted by other nations, and apparently, until all the surplus countries can get together and decide on a new set of rules, it will probably mean grief, especially for those countries having a small population, where the tax burden falls the heaviest. Undoubtedly, many of these problems would never have arisen had it not been for the fact that in Europe there was the great move toward nationalization, while countries like Germany and Italy tried to become self-sustaining within their own borders.

During the month of October, prices of domestic wheat averaged 65¢ a bu in Great Britain, largely due to subsidy, but in at least 13 European countries where we have seen records, and where high tariffs were imposed, wheat brought more than $1.00 per bu, with the price in France averaging $1.64; in Czechoslovakia, $1.73; in Greece, $1.85; in Italy, $2.11; and in Germany, $2.28. With such high prices in those countries it has naturally encouraged farmers to raise more, and undoubtedly they will continue as long as they are protected by tariff walls. Also the consuming public finds flour more or less of a luxury, with the result that smaller quantities are being imported, and world shipments at the present time are ranging between 500 to 550 million bu, which compare with previous years as follows:

1931-32	770	million bu
1930-31	787	" "
1929-30	613	" "
1928-29	928	" "
1927-28	793	" "
1926-27	814	" "
1925-26	667	" "

When our market opened this morning there was no encouragement from abroad. Liverpool actually closed 1/4 to 1/2¢ per bu lower, being partly influenced by the higher sterling rate, but it seems that with Argentine and Australian wheat soon available, with harvesting operations in those countries progressing, it is felt that there will be no need for laying in large supplies, but rather a hand-to-mouth buying attitude prevails.

World shipments this week were quite substantial, being close to 12 million bu --slightly less than last week, and also smaller than last year, but yet heavy on basis of Broomhall's figure for import requirements. The amount on ocean passage also showed a small increase.

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Weather in Europe is generally favorable, mild in most countries, while in Italy the area sown to winter wheat is reported considerably increased over a year ago, and soil conditions are now generally satisfactory, even in areas where drought had previously been claimed.

Primary receipts today were over one million bu compared with 670,000 bu last week, and 605,000 bu last year. Our market, however, is not suffering from pressure from any source, and with a somewhat improved milling demand receipts are not burdensome. We find so often that during the month of December firmness rules, and possibly this year will not prove to be an exception. The same is more or less true in Canada where the country movement now is smaller, although marketings since August 1st have been tremendous, with 243 million bu having been sent from farms, versus only 93 million a year ago. We would say that Canadian moisture conditions are quite favorable at this time; precipitation in the Prairie provinces during November, except in Manitoba, was generally above normal. Excess has occurred in many parts of Saskatchewan and Alberta, ranging up to 200 per cent in portions of the former province.

In our Northwest, it is also an optimistic story; but in the Southwest it is still dry over many sections, and this may become a market factor unless ample relief comes during the next few months.

The visible supply of wheat decreased only 1,379,000 bu, and it seems that almost everything that had been shipped out of Duluth showed up again at Buffalo. There is at the present time 23 million bu more in all positions than for the corresponding period a year ago. Chicago stocks decreased rather heavily 439,000 bu today; a total of 12 million bu is now locally held.

At the last our market showed an advance of 7/8¢ per bu, with some short covering in evidence.

Corn was also firmer. The increase in the visible was a moderate one, and while there is 20 million bu more at all points than a year ago, quite a bit of this consists of government holdings; therefore, direct comparisons do not mean so much. The fact remains, however, that there is quite a good demand, and no movement of consequence as the country is not a free seller.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO December 6, 1938.

As we stated in our letter yesterday, one of the chief reasons for the wheat depression lies in the fact that there is an under-consumption in Europe, to which must be added the great desire of many countries to become self-sufficient within their own borders. Ex-European countries are now importing about 125 million bu yearly, whereas in years before the war they imported only 75 million bu. The population of Europe is increasing at the rate of about seven million per year, exclusive of Russia, (which is the most prolific country of any in the world) and where at the present time the population increases at the rate of about three million annually. We all know that European wheat consumption must be almost at low ebb, and even with various admixtures, it would be very difficult to get along with smaller quantities; therefore, if economic conditions should improve, and if the population consumed a normal amount of bread in their diet, the demand for wheat would rapidly increase. This, of course, would soon take up the slack, and what at the present time is considered an overproduction, could easily be corrected.

During the present season, Europe raised 200 million bu more than normally, with acreages about unchanged and the total world's crop was 4,365 million bushels, or over 500 million bu in excess of normal consumption. In our own country, the population is increasing nearly one million per year, which, in terms of wheat, adds to our consumption at the rate of about five million bu annually. Since 1910, the U. S. population has increased from 92 million to 130 million, and we now consume roughly 700 million bu wheat, compared with 550 million, which was the average from 1909-13. Through various inventions and diets, our per capita consumption has undoubtedly decreased, and another factor which aided in this direction was the greater efficiency on part of bakers, with less waste. Nevertheless, our consumption during the past two or three years has been close to the 700 million bu mark, which was evidence of a large home use with more mouths to feed.

The private experts gave their views this morning on the acreage of winter wheat that was sown in the Fall, and the average seeded area was 46 1/2 million acres. By way of comparison with a year ago when 57 million acres were seeded, of course, this shows a great reduction, but still, the ten-year average was 45,644,000 acres for the period 1927-36, and during those years we raised some fairly large crops, except during the great drought seasons. It is, of course, impossible to forecast with accuracy how large a winter crop might be raised next summer, although with the rather poor start, due to lack of rainfall, the guesses are rather of a pessimistic nature indicating only about 525 million bu on an average.

If, later on, we would get yields on a smaller spring wheat area also, say, 225 million bu, our entire crop would only be about 50 million bu larger than domestic consumption, and with this in mind, a great many people are basing bullish calculations on the fact that even with a large carryover at the end of this crop year, it may be further reduced a year from now, if we can find a moderate export outlet.

What is termed as a "Wheat Advisory Committee" will hold meetings in London next January to discuss ways and means of coping with the present crisis. About 21 governments will be represented at this international meeting, but whether much can be accomplished remains to be seen, in view of the varied interests of exporting and importing nations.

Liverpool quotations showed a moderate response to our advance of yesterday, closing 1/2 to 1¢ per bu higher. There was a fair Manitoba business overnight, sales upward of 300,000 bu being reported from both coasts, and good prices were obtained. It is the period now when the Canadian wheat can be sold without much competition; and this will continue for another month until the Southern Hemisphere crops are gathered. There is some difference of opinion as to how

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big yields in the Argentine will be. A private estimate placed the production at only 256 million bu, although the Argentine Grain Elevator Board figures the current crop considerably higher, at 294 million bu, and on that basis claimed that the exportable surplus will amount to 192 million bu, which is more in line with recent figures. The official report will not be published until about the middle of this month, but judging from weather reports in that country and ample moisture, we regard it as highly likely that a good crop has been raised.

Primary receipts today were 444,000 bu. This was not large, but compares with 331,000 bu last week, and 337,000 bu a year ago.

Our market was able to maintain its recent advance, and displayed a better undertone. The milling business domestically has improved, and there are some hedges being removed as elevators are making sales to mills. Stocks so far this week at Kansas City and Minneapolis show a total decrease of only 13,000 bu. At the last May wheat showed an advance of 1/4¢ per bu; July wheat also held its own largely due to the dry weather over the Southwest.

The action of corn was somewhat disappointing except for December; but receipts are exceedingly small, and we see no reason for this situation to change. Primaries today were only 520,000 bu, while a year ago they amounted to 1,228,000 bu. Demand at the moment is not overly keen, but ordinarily during December and January we build up reserve stocks on which commercial users draw during the later months. We have not changed our opinion that the yellow cereal has merit, and that there will never be burdensome supplies as long as the country remains in the frame of mind, that it pays better to feed or to make loans from the government.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO December 7, 1938

The 1938-39 supply of wheat is at about record levels, with the result that practically all major surplus-producing nations are faced with serious problems. Export supplies for the season are estimated at about 900 million bu, while import requirements are placed at only 550 million bu. Because of this supply situation, which has been reflected in heavy pressure upon world's prices, there is a greater need than ever before for some sort of international understanding, with the hope that subsidies may be withdrawn. There is probably a better chance now for an international agreement than in any recent year, although with so many nations participating it is always doubtful whether mutually desirable results can be accomplished. We have seen that the trade agreements between the United States, England and Canada, after careful planning, have borne fruit. It was a question of "give and take", with concessions by all parties in order to achieve the greatest possible benefits, but, nevertheless, tremendous credit should be given to Secretary Hull for his persistent efforts which have brought about liberalization of trade, and which no doubt in time will place an important check upon these three nations who constantly had been trying to make themselves more self-sufficient.

The tendency to increase barriers to world trade was strongly under way even before 1929, and during the depression it was often carried to such extremes with embargoes, quotas, and prohibitive regulations that trade in many areas suffered. The policy was a costly one for the whole world-- not only did producers in many cases lose their markets, but the countries who practiced it shut themselves off from the benefits of specialized production of goods in places best suited to produce them. There are undoubtedly a great many European countries where agriculture might be slowed down if they could export articles to other nations in return for agricultural products to better advantage, and this, of course, would be a solution to the problem of overproduction, although it is doubtful that it could be accomplished, as long as high tariff barriers exist. Just today we heard that India had introduced a temporary duty on imported wheat owing to the dry weather which will undoubtedly mean a smaller harvest next spring. The purpose, of course, is to limit imports to just bare necessities, and this will naturally remove a valuable outlet for Australian wheat, which, in turn, means re-selling of afloat cargoes to other countries.

Liverpool this morning was rather indifferent, and at the close quotations were 1/8¢ lower to 3/8¢ higher. The private estimate of the Argentine wheat crop, placing it at 296 million bu, was in line with earlier ideas and depressed the foreign market, despite the firmer tone in North America. While our trade was not large, there was a rather firm undertone, and pressure at the moment is almost entirely lacking. This is often the case in December, when bakers lay in larger supplies and it continues until about January 10th, when generally we enter into a bearish period. The fact that Canadian prices hold relatively firm is also beneficial. Despite the fact that their visible supply is 108 million bu greater than the previous season, there is no urgency of export offerings, although large quantities have been placed afloat recently and are being absorbed by European buyers. Owing to the wonderful weather up there for gathering the crop, country marketings have been extremely large percentagewise, total deliveries amounting to 243 million bu. With the wheat crop in the Prairie provinces estimated at 324 million bu, and allowing 42 1/2 million, which never leaves the farms, being used for seed, feed, etc., there are only 38 million bu still to come forward; therefore, new pressure from this time onward should be very small.

Primary receipts today were 603,000 bu versus 667,000 bu last week and 291,000 bu last year. Minneapolis stocks for four days are unchanged, while at Kansas City during two days there was a decrease of 364,000 bu. The open interest is still declining and at the close yesterday there were only 102 million bu of wheat contracts open, showing that speculation is at low ebb; and without it, it is not easy to have higher markets.

At the last May wheat showed a decline of 1/8¢ per bu.

No rains were reported in the Southwest but July wheat was under some pressure from hedgers who had been changing December futures into the more deferred months.

Corn came to life and there is nothing much new in the situation except the old story of small marketings with no accumulations. Even feeders in the country are not finding a big surplus, owing to the fact that such large quantities are cribbed under the government loan plan.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO December 8, 1938.

General improvement in industrial activity has not had much influence upon grain prices. The month of November was another period of rising production and employment, but still we find wheat prices not far from the lowest levels of the season. According to the preliminary indications, the federal reserve index for last month will be 100, or higher, compared with 96 for October and 90 for September. Last May the figure was only 76, so that one would have imagined that during this period of improvement, which is greater than any previously known in a like time, grains might have shared in the more optimistic trend.

Nevertheless, we raised a bountiful crop in this country; Canada produced well, and the two Southern Hemisphere countries will have a larger surplus than a year ago. Finally European wheat production was some 200 million bu greater than the previous season, so that wheat has had to rest on its own laurels, which unfortunately gave very little encouragement for bullish enthusiasm. The tax situation also has tended to minimize speculative endeavors in commodities generally, as traders are compelled to pay on all gains, but may only deduct $2,000 of their losses from other capital; to that extent operations had been restricted, and we find grain volume in the year about to close almost the lowest during the past ten or twelve years.

There was a little better feeling expressed in Liverpool quotations this morning, closing values rising from 3/4 to 1 3/4¢ a bu; and this strength followed reports of large sales of Danubian wheat to the Continent, presumably Italy. It seems that, despite the large quantities of wheat in the world, English millers are not overburdened, and as they are probably waiting for the Southern Hemisphere movement, it behooves them to watch all sources of supply, and when wheat is diverted from their shores it immediately is reflected in the price. It is not surprising to see greater firmness at Liverpool, as new May wheat is quoted at 62 3/4¢ a bu, or about 4 1/2¢ under the same future in Chicago. Were it not for the subsidies that had been granted by various countries, Liverpool would undoubtedly be selling at a shipping premium over exporting markets.

There was another factor which created better sentiment this morning, and that was the corn situation, which seems to be a very strong one. Two Argentine cargoes were purchased yesterday, and there was also business in American two yellow corn during the past two days. With supplies in the Argentine small, and several months yet before another crop is available, we expect that there will be a fair demand from this country right along, particularly as Europe has not bought for some time.

There is very little change in the domestic situation. While the milling demand has shown some improvement, the actual overseas exports of wheat and flour since July 1st have amounted to only 38 million bu. The official government figures show a slightly larger quantity. We have checked with the U. S. Department of Agriculture in trying to find out wherein the discrepancy lies; they replied by letter that their figures include exports of flour milled in bond from Canadian wheat, which for the four months period from July to October totaled about 3 million bu. However, in our calculations we are figuring exports only upon the actual wheat grown in this country. On basis of our figure, after allowing for domestic consumption of 700 million bu and a minimum carryover of 125 million bu, there would still be left 231 million bu to export from now until the next crop. Of course, nothing of this nature will happen on even the most optimistic hopes of the FSCC, who figure that only 100 million bu will be shipped from this country during the entire season.

As far as Canada is concerned, in 18 weeks she has shipped 73 million bu, or since August 1st, and there is still close to 200 million bu available for export and carryover compared with only 75 million a year ago. We figure that during the next 34 weeks, world

shipments would only have to average about 10 million bu weekly in order to fulfill Broomhall's export requirements of 548 million bu. This is due to the fact that for the first 18 weeks of the movement world shipments averaged 11,409,000 bu; but the larger percentage is generally at the beginning of the season, owing to the desire on part of Canada to get rid of large quantities before close of navigation. Since August 1st Europe has taken 35 million bu more, and ex-European nations 5 million bu more than for the previous season.

Primary receipts today were 569,000 bu versus 601,000 bu last week, and 412,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a total decrease of 743,000 bu.

Our market was featureless but firm. Confirmation comes from India that she has reimposed a duty of 28¢ per bu on all wheat imported, and this will start immediately. It is understood that further imports will of necessity cease. France has also imposed an import duty on Durum wheat equal to 16¢ a bu at current rate of exchange, plus the regular customs duty on Durum wheat imports for home consumption. These additional tariffs are somewhat restrictive. At the last our May wheat showed an advance of 3/8¢ per bu.

Corn was higher because of a better export demand. It was reported here that 600,000 bu had been sold via the gulf to exporters. However, information which has come to us leads us to believe that the actual corn consisted of government holdings, and while, of course, this is a step in the right direction it shows that the government will apparently sell the stock which it owns, although it may not come into competition with regular corn in domestic channels.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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NEW YORK COCOA EXCHANGE
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COMMODITY EXCHANGE INC.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

December 9, 1938.

Liverpool quotations were higher, gains of 5/8 to 1¢ per bu being registered at the close. This was in confirmation of large Danubian business to Germany and to Italy, possibly on a barter deal, but in any event, should the grain go to those two countries, it would not be available for British consumption, and, therefore, the strength in English prices. From time to time, Broomhall expressed the opinion that in Italy this year there would be compulsory admixture of corn flour with wheat flour, which in turn would necessitate liberal imports of corn. However, that opinion now requires to be changed, or modified, owing to the relative cheapness of wheat compared to corn, and it is thought likely that the Italian government will abolish these mixing regulations for corn, and probably as a result import more wheat. If this is the case, it might also require further quantities from Rumania, and to that extent, the European situation has improved. Just what quantities will finally be needed for Germany remains a question, because that country limits her imports by the size of her exports and most of the business is being handled through barter or exchange regulations.

With the better feeling abroad there was some export business in Manitobas, estimates running as high as 3/4 million bu. Nothing much was heard of U. S. hard winters, and since the FSCC has entered into the sales agreement with Britain, we have not received definite details as to what could be expected, or what has been done. There is still almost a complete absence of selling from the Southern Hemisphere, but we must not forget that this is still the first part of December and ordinarily, pressure from those sources does not occur until January, although it has frequently been stated that this year the Argentine crop is early. The Canadian wheat stocks are of very high quality, and in our opinion, much of this wheat will be needed right along for mixing purposes; therefore, despite the large surplus remaining, we feel Winnipeg futures, at a discount under Chicago, represent a fairly good value, and later on, an improvement between their market and ours might easily take place.

Our situation suggests a large carryover at the end of the season, regardless of whether we export a little more or a little less from this time on. It has already been seen that the efforts to reduce total acreage to 55 million has not been possible and we doubt whether the spring area will be reduced in greater proportion than was the winter wheat acreage. Unless other exporting countries follow our lead, the reduction in the United States alone would probably not solve the wheat problem, which is an international one. It is our own thought that the standard of living of people can only be raised through increased production, and that was the method by which this country always grew. Our greatest problem has been to find consumers and export outlets, and we still believe that despite so many of the European countries being predominantly agricultural nations, heavier purchases on their part may bring us nearer to a solution. To accomplish this it might mean that we would have to take more goods from European countries for the grain that we would want them to take from us. This would require some educational work, and also great cooperation, but it does not seem to be an impossible task. It seems better than to try to improve our wealth by growing less, and under any economic system we know that low incomes cannot be raised to a decent subsistence level by redistribution alone of income. What we actually need is more capital per capita, as is shown by past growth of industry and agriculture.

Primary receipts today were 635,000 bu versus 674,000 bu last week, and 502,000 a year ago. So far this week stocks at Duluth, Kansas City, and Minneapolis show a net decrease of 2,312,000 bu. This represents further shifting of supplies prior to close of navigation. There will be a fair decrease in the visible supply next Monday; a year ago the shrinkage amounted to 2,745,000 bu.

(O V E R)

At the last, May wheat was unchanged. Trade again was light, and total transactions yesterday showed a further decrease; there are only slightly more than 100 million bu of open contracts standing. With this situation it seems difficult to have sustained strength.

Corn was firm. There was further export trade, and receipts remain light; therefore, there is no pressure.

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CHICAGO MERCANTILE EX.

CHICAGO December 12, 1938

There was a firmer tone this morning at Liverpool, closing prices advancing from 1/2 to 1 1/4¢ a bu. Even with the advance new May wheat was only selling at 63 5/8¢ a bu, which is certainly not very encouraging for a bull market over here.

It was reported that a frost had occurred in southern Argentina, where the plant was in the milk stage, but there were no alarming messages from Buenos Aires; in fact, their market showed no response of a scare nature. Therefore, we doubt whether this news could be regarded as very important, particularly as temperature readings rose immediately.

More important probably were smaller world shipments this week, which amounted to only 7,236,000 bu versus 11,769,000 bu last week and 8,726,000 a year ago. North America placed only slightly over two million bu afloat and was largely responsible for the poor showing this week.

In just less than three weeks, tariff upon foreign wheats will be abrogated in the United Kingdom, although we doubt whether this will have much of an immediate effect, except that Argentine supplies, not being taxed, will require a smaller subsidy on part of the government; in fact, the same is true of American wheat. It should be remembered, however, that in Britain all flour is taxed at a rate that will produce a fund out of which the government can later pay farmers enough to make their return $1.30 a bu. It follows, therefore, that the cheaper the market price, the higher the tax. English consumers cannot eat bread based on the actual market value for which wheat is selling, the way we do in this country. The tax at present in force, which is spread over all domestic and imported supplies, represents about 18¢ a bu. The smallest proportion of wheat for domestic use is grown at home, and every year England relies largely upon exporting countries to feed her population. The higher flour prices which prevail under such a system are not as serious an addition to the price as in most European countries, but, after all, it does represent a large percentage of increase above wheat costs. We do not know of other European countries where the same method is employed, although tariffs and other restrictions in different countries make imported wheat exceedingly high; therefore, curtailment in the consumption is bound to result. However, as Europe, exclusive of Russia, grows over three bushels of wheat for every one that it imports, it seems to be a pretty well established policy to protect domestic farmers.

The amount of wheat on ocean passage this week declined rather sharply, with only 27 million bu now afloat, a decrease of more than four million bushels since the previous week, while a year ago there was 32 1/2 million bu on the water. This should change shortly when the Argentine movement gets under way, and experience has taught us that the merchants in that country keep their supplies continually on the market in order to prevent large carryovers at the end of the season.

Primary receipts today were fairly substantial at 1,022,000 bu versus 1,018,000 bu last week and only 678,000 last year. When the visible supply was posted, it showed a decrease of nearly three million bushels. The total in all positions is slightly over 120 million bu, or close to 23 million more than was on hand a year ago. Chicago stocks decreased 635,000 bu and at the present time, there are 11,389,000 bu held locally. We find that at Buffalo there are more than 21 million bu in store and afloat combined, which could easily take care of all requirements during the winter months. Ordinarily, there is a reduction of about 1/2 million bu each week due to milling needs, as large grindings take place there.

There was very little feature to our market, early firmness being in sympathy with the better tone at Liverpool and a slightly higher market at Winnipeg, but at the last there was a decline of 1/4¢. Reports from Canada indicated that upwards of one million bu Manitobas had been sold over the week-end..

Corn was rather disappointing, probably due to lack of outside buying power. However, there was no export demand today and even with light receipts there is no great immediate incentive, so it will probably take time before the intrinsic merit of this cereal develops. We think that later on there will be a sufficient demand from primary markets to put corn in a very strong position.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO December 13, 1938.

At the opening session yesterday of the Manitoba Government's International Conference on wheat and farm marketing problems, the Premier stated that the only remedy for the lack of world's markets facing Western Canadian wheat growers is the complete abolition of trade barriers. He said that neither subsidies, such as are now being fostered by the leading export countries, quotas, nor acreage curtailment schemes, appear to offer any real solution to the current stagnation of world markets. He outlined Canada's position very clearly as an agricultural country, claiming that the welfare of 2 1/2 million persons residing in Western Canada depends almost exclusively upon maintenance of present wheat production without any curtailment of acreage. We mention this at length because it coincides with our own thought of trying to find larger outlets in European countries, even though sacrifices might be required in other lines. As the Premier expressed it, restoration of international trade would enable nations in the market for Canadian wheat to pay for it with their own products, and this solution, we believe whether adopted in Canada or by other exporters, would finally be more permanent than trying to become more self-sufficient.

It was announced this morning that in addition to the 20 million bu of United States wheat that was sold to Britain, an additional five million bu was successfully negotiated, and according to Mr. Wilcox, one of the heads of the FSCC, who just returned from London, these sales would bring total exports from this country since July first to approximately 69 million bu. He intimated that the average subsidy would be slightly over 20¢ a bu. The trade, however, paid very little attention to this news, as it has been claimed for several months that great efforts would be made to permit a total of 100 million bu of wheat to be exported during the current season; it was furthermore known that through subsidy, various importers might be induced to help us accomplish that goal, and that the FSCC will obtain their objective. Weakness at Liverpool did not result today from publication of this news, but rather the declines, which ranged from 1 7/8 to 2 1/8¢ per bu, were largely due to fear that recent purchases of Australian wheat by India might be resold in other markets, owing to the heavy duty which India imposed last week on imports into that country.

The December future at Buenos Aires was also weak, probably discounting the nearness of the crop movement in that country. Deferred futures were little affected because of the minimum price recently adopted, and henceforth quotations in that country will not mean much so far as futures are concerned, but the important thing to watch is the delivered price of Argentine wheat in European markets. We have it from a good authority that a substantial quantity of 62# test weight wheat was offered CIF United Kingdom ports at a parity of 65 1/4¢ a bu. This figure would approximately equal 54¢ FOB Galveston for our wheat, or roughly, 26¢ less than current values, which domestic handlers are obtaining at that port for their grain. The Argentine price also figures about 13 3/8¢ under Winnipeg May wheat FOB Vancouver. These appear to us as interesting comparisons and show that stiff subsidies may be necessary later on, as well as now, to compete with that type of business.

Yesterday, Mr. Evans, Administrator of the United States Agricultural Adjustment Administration, in discussing the world wheat situation, warned that we cannot make drastic curtailments in wheat acreage, unless other exporting countries take similar action, but up to the present time, foreign nations have not considered such a move, and it remains to be seen whether the various participants in the London conference next January will show any interest in taking such suggestions back to their own governments.

(O V E R)

Primary receipts were small today --466,000 bu versus 444,000 bu last week, and 347,000 last year. Stocks at Kansas City and Minneapolis so far this week decreased 15,000 bu.

There was no feature to our market, but without inspiration from Europe, Winnipeg became weaker, and we followed suit, declining 3/8¢ per bu.

With the exception of Russia and Poland, winter wheat conditions in Europe are generally favorable, and there is no indication of a reduction in acreage. However, there are extensive areas in Russia that are very dry, and this has necessarily hindered preparations for the 1939 sowing compaign. It is felt that without generous rains next spring the success of the harvest may be seriously jeopardized. We might say that to a large extent the same condition prevails in our Southwest, but it is too early for crop scares of that nature to be a market factor now.

Corn was weak, and no export business was reported. The country offered a little bit more freely, but bookings were very poor in comparison with other years. We still believe that later on bullish operations will prove successful, as there are no important accumulations taking place when ordinarily the movement reaches its height.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO December 14, 1938.

With the slower inquiry in Europe, Liverpool quotations showed a further decline this morning of 5/8 to 1¢ a bu. There is also the fear that Australian and Argentine pressure will soon be an actuality. Private estimates of the Argentine wheat crop are ranging from 253 to 293 million bu. However, in a few days we shall have the official estimate released by the government, as it will be published on Friday, and they have a rather good system of gathering information; they do not give out preliminary estimates, but simply state the acreage figures. We know, however, that harvesting is making good headway, and that the new crop is already moving toward the seaboard; therefore, calculations somewhere between the high and the low of the private estimates will probably be confirmed in a few days, and with these good yields, the export business from that country should improve rapidly. Port stocks showed an increase this week of 369,000 bu, indicating that the first arrivals are somewhat earlier than usual.

Now, as far as Australia is concerned, the crop was somewhat below average and far beneath the banner crop of last year; nevertheless, the visible supply this week increased 26 million bu, and good progress is being made with harvesting, so that pressure from that source must be dealt with, also, even though on a smaller scale than the previous season. Wheat and flour shipments have already enlarged to 1,644,000 bu this week, and though India has taken fair quantities of both wheat and flour during the past few weeks, this has all been changed now with the imposition of a 28 1/4¢ import duty, which naturally curtailed operations.

Canada fits into the picture very peculiarly this season. Her wheat is of wonderful quality and will be needed for blending purposes with poorer wheat from other countries. At the same time, the supplies are large and during the first 19 weeks only 74 1/2 million bu have been exported, which still leaves 198 million bu available to ship from this period onward, or to finally carry over. During the past week, shipments fell to 1,370,000 bu, and this is the smallest single week's clearance in quite a while. The total of Canadian stocks, exclusive of what is held in farmers' hands, amounts to 171 million bu, compared with 61 million bu the year before, and therefore, there is plenty of wheat for all purposes. The apparent balance to be marketed in the Prairie Provinces is brought down to about 35 million bu, owing to the fact that deliveries have been so enormous since the season started, with 245 million bu having left the farms. We figure that about 42 1/2 million bu are used for seed, feed, etc., and this is the basis for our estimate.

Primary receipts today were 493,000 bu, which was small, versus 603,000 bu last week, and 390,000 bu last year. So far this week, Kansas City, Minneapolis, and Duluth stocks showed a total decrease of 282,000 bu. No heavy decrease is expected for the visible supply next Monday, although from now on the tendency will be toward diminishing supplies, particularly as receipts are light. There has been some moisture overnight in Texas and Oklahoma, mostly in the form of snow, but on the whole, the relief was insufficient, although a number of districts were undoubtedly benefited.

There is still a lack of public participation in our market, as evidenced by the open interest figure showing contracts of 100 million bu, and day-to-day changes are also very small. It would not surprise us to see the market do better within two or three months when crop scares are generally heralded, but in the meantime, we shall have Southern Hemisphere pressure; therefore, it appears to us that the first move might be downward, when such pressure develops in earnest. Very little new Argentine wheat has been sold yet, although some 63 1/2# Uruguay wheat for January shipment sold at a price equal to 59¢ a bu CIF Liverpool, and is exceedingly cheap, showing the anxiety that there may be later on to get the crop into foreign consumption.

(O V E R)

At the last our market was higher, influenced largely by the improved stock market, and better corn prices. May wheat advanced 3/4¢ per bu since yesterday.

Corn receipts are not heavy, and there is no reason to expect that farmers will sell liberally with the government loan so attractive. While there was no export business of consequence during the past two or three days, supplies remaining in Argentina are small --likewise, Rumanian offerings are scarce. Broomhall figures that European requirements in the next four months, from December to March, may be 85 million bu. He figures that the United States may have to contribute some 30 million bu, and this on top of the strong domestic situation is impressive.

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CHICAGO MERCANTILE EX.

CHICAGO December 15, 1938

With the fear that India might resell some of its recently purchased Australian wheat, Liverpool was quite indifferent this morning, futures closing practically unchanged since yesterday. It was naturally expected that they would respond to the firmness here, but apparently there is more assurance now in Europe, with the feeling that before long Southern Hemisphere crops will be available in good volume. It is true that Australian shippers are not offering new wheat freely and yields in many sections, particularly Victoria, have turned out badly, but on the whole, they raised a very decent crop considering the prolonged drought and total figures are not so terribly far under the average that is generally raised in that country. No important export business was reported from North America, and few, if any, details are generally known about the business recently consummated with British millers when they purchased 25 million bu of United States wheat. It is assumed, however, that at various times the FSCC is making purchases with the idea of shipping this wheat from various ports, and to that extent, when dealers consummate such trades with the government, it means the removal of hedges either in Chicago or in other domestic markets; therefore, this has very likely imparted strength to our market, which otherwise would have been absent.

Dry weather in the Argentine has permitted harvesting operations to advance favorably and it has always been the custom of that country to ship its surplus, rather than to carryit into the next crop;therefore, we feel that this year will be no exception, even with the minimum price which was imposed, because the loss which is sustained by the government, and which will be met partially at least through the Exchange Fund, will allow routine business to function as Europe needs the grain. The use of modern elevators in the Argentine has made great headway during the past few years and it is thought that before long it will be possible to hold back a much larger part of the grain to avoid the first rush, and consequently, to avoid aggressive selling, but, we doubt, even with these improved facilities, whether the policy will change greatly, as that country seems to be interested first and foremost in the merchandising field, recognizing that from January to March it becomes necessary to ship heavily before navigation opens again in Canada.

Changes in this country are very small from week to week, and only about 800,000 bu were put afloat during the past seven days, with the total since July 1st amounting to 38 1/2 million bu. This figure refers only to United States grown wheat and not to Canadian, which may have gone through here in transit when it was ground into flour. On that basis, allowing for home consumption of 700 million bu, and a minimum carryover of 125 million bu, there is still available 231 million bu for export so that it is a foregone conclusion that our carryover next July is bound to be large, despite governmental efforts to sell additional quantities to the import trade.

As yet there has been no real relief from the dry conditions in our Southwest. However, in the State of Oklahoma, which complains of drought, we find that average moisture from April 1st to the end of September, amounted to 20.60 inches, compared with 21.55 normal.Since that period, there has been some suffering, so far as the wheat plant is concerned, but we still believe that if there should be ample snows during the winter, or spring rains, considerable correction could take place; therefore, it seems too early to take a pessimistic attitude at this early date.

Primary receipts today were 544,000 bu versus 569,000 last week and 303,000 last year. Minneapolis and Kansas City stocks so far this week show a total decrease of 228,000 bu.

There was very little feature to our market-- in fact, without inspiration from Europe the advance of yesterday came to an end with local operators evening-up commitments. Yesterday, for instance,there was less than 7 million bu traded in the wheat pit, and with the volume so unimportant it is impossible for much headway to be made in either direction. At the last May wheat showed a decline of 1/2¢ per bu compared with yesterday.

Corn was hesitant, and in fact, lost a part of its yesterday's advance. Receipts at terminal markets remain light, but for the time being demand is also slow; therefore, it may take time and patience before this cereal demonstrates its inherent worth.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO December 16, 1938.

Secretary Wallace, in his report to the President, expressed wonderfully well some of the problems that are confronting the grain trade today. He insisted on keeping open trade channels in an effort to permit the machinery of distribution to function smoothly and efficiently. He stated that price-fixing could not solve the problems that are rooted in an unbalanced adjustment between production and effective demand, and that price-fixing could never succeed as a permanent policy. It is most encouraging to have these conclusions from a man who has studied carefully marketing problems from all angles, and who primarily has the interests of producers at heart. He apparently understands that grain exchanges, as they exist today, are simply meeting places for buyers and sellers. The Board of Trade has no interest in price, but simply affords a marketing place for producer and consumer alike. This is done with a minimum of cost to the farmer, and the margin of profit to the middleman is probably smaller in our industry than in any other line of endeavor. The Secretary claims that under supervision some of the former critics of the exchanges have reached a new estimate of the value of the entire system. Price-fixing is not something new, and if ever we can benefit from experience, we should know by now that it was a failure wherever tried. It is not necessary to review here the Cuban sugar situation, nor the Brazilian coffee valorization; we all know the sad consequences of the English attempt to stabilize rubber prices; also, the more recent attempts of the American Farm Board to prevent wheat declines. It took us several years to recover from the effects of trying to maintain prices artificially above world parity. It was not pure accident that history recorded some of the sharpest declines due to governmental interference when artificial means were attempted to prevent the normal law of supply and demand from functioning.

In 1931, Mr. Coolidge offered a rather sane philosophy, when he made the following statement: "When trade declines and goods begin to accumulate, whether they are raw materials or farm or factory products, instead of letting the market take its own course there is always a great temptation to try some artificial remedy. It is better for everyone in the end to let those who have made losses bear them than to try to shift them on to someone else. If we could have the courage to adopt this principle, our recovery would be expedited. Price-fixing, subsidies, and government support will only produce unhealthy business."

Mr. Wallace, in discussing excessively large supplies and minimum price guaranties, stated that while this has been of great temporary benefit to producers, it would be unfortunate, and would defeat the purpose of the crop loan idea, if price-fixing were to become the major objective.

Incidents of an immediate market influence were of an uninteresting nature today. Liverpool prices declined fractionally for most of the deferred months, while December wheat was firm. However, export business is rather quiet, except for a cargo of Manitoba wheat reported sold from Vancouver. The fact that markets are stagnant is best evidenced by the fact that yesterday's trade in wheat was only 5 1/2 million bu, while in corn the volume was even smaller. It is quite apparent, however, that there are ample supplies on hand for all purposes and whether we export during the remaining six months of the crop year a little more, or a little less, is comparatively unimportant. Prices finally will be more influenced by the outcome of the 1939 crop, and, therefore, moisture in parts of the Southwest was very welcome. It would be a fallacy to regard a crop failure next year as being healthy from the farmers' point of view. Some of our most prosperous times were during years of large production. It enabled railroads, shipping companies and others to benefit, and the farmer himself knows that in years of big crops he cannot get as good a price as in those years when yields are small.

OVER

We are told that harvesting of wheat is nearly completed in all states of Australia. In New South Wales, elevators are full, which is causing some temporary pressure, although farmers are not aggressive sellers. Since December 1st, shipments from that country have amounted to 3,327,000 bu, only about half as much as last year, although in 1957 the period comprised three weeks, as compared to only two in the current season. In our opinion, the immediate factor will be the movement from the Southern Hemisphere and this undoubtedly will prevent much of a bullish market in Chicago, despite the fact that domestic receipts are light and there is very little new pressure.

Primary receipts were 680,000 bu versus 635,000 bu last week, and 406,000 bu last year. Kansas City, Duluth and Minneapolis stocks show a net decrease of 214,000 bu so far this week. When the visible supply is posted on Monday it will compare with a decrease of 5,297,000 bu a year ago.

Our market was extremely quiet, with changes from the previous session unimportant, May wheat showing a decline of 1/4¢ per bu.

Corn was also slightly lower, with no particular feature except that primary receipts were larger, and at the moment demand is also very poor. We feel, however, that there will be opportunities later on, as there is a large percentage in cribs on farms which will not come to market this year.

UHLMANN GRAIN CO.

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UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.

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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO December 19, 1938.

After the close of the session today we shall have the final ield of wheat raised in the United States this year, and after that me can formulate somewhat better figures on probable carryover into ext year's crop. On basis of the last report we raised 940 million u of winter and spring wheat, and deducting 700 million bu for home tilization, this would leave a surplus of 240 million bu. On July st, we had 154 million bu carried over from the previous season, nd should the government be successful in making total exports for e year 100 million bu, we would add about 140 million bu to our carry-ver next July, and have nearly 300 million bu on hand.

As previously stated, revision upward or downward will have to e made on basis of the final government yields. It is claimed that ver 71 million bu of wheat and flour have been sold for export since uly 1st, greatly helped, of course, by the federal export subsidy rogram. We now learn that of the 25 million bu which the FSCC sold o millers in the United Kingdom, it took slightly more than 20¢ per u in the way of subsidy to accomplish this transaction.

The market here took its cue this morning from the strength t Liverpool, where closing quotations were from 1 to 1 1/2¢ per bu igher, occasioned by very low temperatures that prevailed in Europe. eedings of winter wheat for the 1939 crop have been fully equal to, r possibly larger, than those of the 1938 harvest, according to a eport issued by the U. S. Department of Agriculture. However, if nseasonably cold weather should do some damage now, there is no ssurance that the final yield next summer will be as good as the umper crops which were harvested this season. The fact that world hipments only amounted to 7 1/4 millions this week was also given s partial reason for firmness abroad. For two weeks now these ship-ents have been small, and compare with more than 9 million bu shipped year ago. However, up to the present time the weekly average has een very satisfactory, and possibly European buyers are content to wait the Argentine and Australian crops before buying more heavily.

There is still a very large surplus in Canada, and with North merican shipments this week only 1,658,000 bu, a part of which was ndoubtedly furnished by the United States, it shows that they are ot very aggressive in their selling. Total exports are only slightly in excess of 75 million bu, which means that the greater portion is still available for European requirements. Their marketings up to the present time have been enormous, with nearly 249 million bu of wheat shipped from the farms, or about 88 per cent of the probable year's total. Pressure, however, upon Winnipeg is not as severe as one might ordinarily expect, owing to the fact that the government takes this wheat on basis of a minimum price, and has apparently not hedged all of the purchases that have been made to date. This finally means that as sales are made to Europe the removal of hedges will not afford that market strength, which usually occurs during the last six months of their season.

It is surprising how quickly the trade has forgotten the large crop estimate made on Friday by the Argentine government. Should they raise 316 million bu, pressure from that country will be enormous. The five-year average was only 231 million bu, while last year when they had a poor crop only 185 million bu were raised. Ordinarily 70 per cent of the export shipments takes place from the first of January to the first of July, and if the same occurs this year, it would mean at the rate of 5,800,000 bu per week, averaged out over the 26-week period. This undoubtedly is giving great assurance to the European buyer, particularly in view of the amounts recently purchased from the FSCC.

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Since August 1st, the United Kingdom has imported 11 1/2 million bu more wheat than for the previous season, and 3/4 million bu less flour, so that with consumption in that country pretty uniform, one year as compared with another, we see no reason for great aggressiveness at the moment, even with the smaller crop in Australia.

Foreign demand for North American wheat was reported disappointing over the week-end, and as a result our market was rather dull, although prices were firm in sympathy with the better tone in Europe.

Primary receipts of wheat were 894,000 bu versus 1,022,000 bu last week and 659,000 bu last year.

Trade last Saturday was slightly in excess of 9 million bu for all pits. The largest volume was in wheat, but even there it was extremely small, with only about 6 1/2 million bu changing hands. With speculation at low ebb, market changes are more or less accidental, depending upon the character of the orders.

When the visible supply figures were published this morning there was a decrease of 2 1/2 million bu; total stocks in all positions amount to 117,676,000 bu, or about 25 1/2 million bu in excess of what they were a year ago. There was also a shrinkage in Chicago of 255,000 bu, but there is still 11 million bu held here.

Corn was steady, partly in sympathy with wheat, but also on account of much better export business over the week-end. There was talk that possibly as much as one million bu had been sold to Europe. The visible supply increased only 55,000 bu compared to nearly 2 million bu a year ago. It shows that with the country offering so little that accumulations cannot take place, and we regard this as a strengthening factor which in the long run should be helpful to the price.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO December 20, 1938.

The government report of United States wheat production, issued after the close yesterday, showed a combined winter and spring wheat crop of 930 million bu. Reduction from the earlier estimate was not as great as had been expected, and the figure which we now have compares with the 1937 total of 875 million bu, and the 10-year average of 752 million bu. We can draw the normal conclusion, therefore, that the carryover next July will be considerably more than for several years, even if the attempts of the FSCC are successful in finally promoting a total of 100 million bu of wheat through export channels. On basis of their activities to-date, they do not have far to go in their endeavors, and they have accomplished thus far a good portion of their work through the subsidy plan.

In a few days now the government will give its estimate on the planted acreage of winter wheat for the 1939 season, and if this figure is in line with the estimates of private experts, it will probably show a sown area slightly in excess of the 10-year average, but yet, a great reduction from last year's plantings, and also those of the year before.

Up to the present time the outlook has not been too optimistic on the winter wheat condition, although East of the Mississippi river conditions have been quite favorable. The central and western sections of Nebraska, Kansas, and Oklahoma, as well as the panhandle of Texas, complain that the crop got off to a bad start, with insufficient moisture particularly during the months of October and November, when the germinating season is important. We are glad to state, however, that at this writing some moisture is occurring in the form of snow in many districts of the far Southwest, and the land is still receptive, as no hard freeze has taken place in all of these areas. Therefore, correction might still improve what appeared to be a poor outlook a few days ago; and if the weather map readers are correct, there is also apt to be additional moisture within the next twenty-four hours.

Liverpool quotations were more or less meaningless, and we presume that the pre-holiday spirit has curtailed operations in that market, the same way as it has here. It is a fact, however, that India keeps offering Australian cargoes recently purchased, and this more than offset the extremely cold weather that gripped practically all of the European countries, and which may cause some damage because of its severity and the fact that snow covering in many sections was insufficient. Temperatures in Rumania were around the zero mark, and it is believed also that navigation in the Danube will soon cease, so that smaller clearances are to be expected from that section, but this will, of course, be more than offset by additional shipments from Southern Hemisphere. We regard the cold spell in Europe as really more bullish on corn for the moment, as it will require additional feeding, and this may stimulate larger export business, although trade from this side today was of a comparatively small nature.

Primary wheat receipts were small at 449,000 bu versus 466,000 last week and 368,000 bu last year. Stocks at Kansas City and Minneapolis so far this week increased 96,000 bu.

There was very little feature to our market; firmness in corn was an aid to wheat, but there seem to be no immediate incentives for new commitments. We have thought right along that while steady markets might rule during the month of December, this would be followed by Southern Hemisphere pressure in January, and probably lower prices. Later on there may be an opportunity on the bull side particularly during the period of crop scares; at least, from a low level there seems to be a chance of working on the constructive side after the first big run from the Argentine is over. At the last May wheat showed a decline of 5/8¢ per bu .

As we have stated in practically each of our market letters, corn appears to have merit, and we see nothing to alter this opinion. The government report yesterday increased the estimate by 61 million bu over the previous figure; ordinarily this might have had a bearish influence, but at the present time there is hardly enough corn leaving farms to cause any pressure, and later on we expect that the reserves at terminal markets will be drawn upon.

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CHICAGO MERCANTILE EX.

CHICAGO December 21, 1938

Sterling exchange yielded further ground this morning, and during recent months the British equalization fund has had to render support in order to prevent sharper declines. There was an official admission yesterday in London of the unfavorable outlook when Sir John Simon, Chancellor of the Exchequer, announced the reimposition of restrictions on British foreign lending. The ban just referred to was originally imposed in 1931 to guard sterling against excessive pressure from capital transactions. Later conditions improved due to strong exchange, and these measures were relaxed, but apparently it is felt that at the present time the renewal of the curb on foreign loans is necessary owing to the bearish outlook for sterling. As a result, England will prevent further public offerings of foreign securities, which, for instance, might involve the purchase of dollars for American investments at the expense of the pound, although it is not thought that any ban will be placed upon free dealing in American securities in the open market. The discount on 90-day sterling has already widened fractionally, which is evidence that the outlook is somewhat pessimistic.

Liverpool quotations this morning were unchanged to 3/8d per bu lower, largely due to slow demand and indifferent trading just before the holiday. There is not a great deal of pressure upon their market, and again there were no tenders on December contracts, although American and Canadian offerings were slightly cheaper.

Extremely cold weather is still reported throughout most of Europe, with lack of snow covering over large areas, and very likely considerable damage may result, although the extent of this cannot be determined at this time. Broomhall comments upon the very light pressure from the Argentine, although recognizes that it may develop at any time, and that it is still a factor overhanging the world markets. Many guesses are being made as to the absence of Argentine sales abroad; some think that possibly the Argentine government might enter into a barter arrangement with either Italy or Germany, but even if this were the case it would only involve a small proportion of the total exportable surplus. There is another theory advanced: namely, that the Grain Board might adopt a more cautious selling policy this season, partly because of reduced storage accomodations at European distributing centers, and partly because the Government has signified cooperation with other exporting nations in maintaining a fair price. It is true, an international conference is to be held next month in London, but with one of the largest crops ever raised in Argentine, we feel they must finally adopt a sane merchandising program, because with only 12 million persons at home and a domestic consumption not to exceed 100 million bu it would be dangerous to try to carry too large a reserve into the next crop. With that in mind we still believe that when the time comes heavy sales will be encountered.

The U. S. government weekly report on weather and crops stated that in the east Ohio valley, despite some complaints, a rather satisfactory condition prevailed east of the Mississippi river. However, west of this point snow protection is quite generally needed, and apparently some deterioration has taken place, particularly in the more westerly sections. Since this report was compiled there has been a fair amount of snow in many important places, although it was by no means general. At Garden City, which is in the western part of Kansas, there were2 inches of snow, while at Protection, Kansas, there were 11 inches, 7 inches at Guymon, Oklahoma, and 5 to 6 inches throughout the Oklahoma panhandle. The weather map readers, as well as the official forecaster, are hopeful that more snow or rain may fall; therefore, the outlook has been materially improved in many districts.

Late today the government will furnish us with the acreage plantings of winter wheat for the 1939 crop, and preliminary estimates by the experts indicated a sown area of about 46 million acres. It is interesting to note that in the years 1923 to 1932 inclusive, before the great drought, the average yearly acreage was 43,615,400, and on these plantings average yield was 13.43 bu per acre, which produced

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582 million bu. Therefore, it is not unlikely that if we have a larger acreage this year the same results may be attained, even though the crop has gotten off to a poor start because of insufficient moisture. Taking the State of Kansas, which is the largest single wheat producing state in the Union, we find that the moisture during September, October and November in the eastern part of the state was 5.09 inches compared with 8.51 normal. In the middle of the state rainfall was 3.60 this year compared with 5.86 normal, while in the west it amounted to 2.97 in 1938 versus 3.66 normal. The driest period was during the month of October, but many are hopeful that winter snows might improve the picture.

Primary receipts today were 501,000 bu versus 493,000bu last week and 422,000 bu last year. Kansas City and Minneapolis stocks so far this week have increased 178,000 bu.

The CCC at Washington announced that through December 15th loans had been disbursed by the Corporation on nearly 59 million bu of wheat. They also stated that no extension beyond December 31st would be made of the time within which loans will be available to producers under the current program.

There was very little feature to the market, and at the last there was an advance of 1/4¢ per bu.

Corn likewise suffered from lack of trade, but there was 175,000 bu reported sold out of Chicago, of which about 125,000 was supposedly to exporters. We still feel that this cereal has merit.

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CHICAGO MERCANTILE EX.

CHICAGO Dec. 22, 1938.

The fact that wheat has held at this price level for several months creates the impression that possibly after the turn of the year something better might be expected. Some buying was prompted this morning on the theory that the winter wheat crop in 1939 might be very much smaller than the last one, and there is logic to this reasoning, with the government estimate showing a reduction of 10 million acres from the sown acreage of 1937. The condition is also several points poorer, owing to the fact that the crop had a poor start with inadequate moisture. We ourselves do not pay too much attention to conditions in December, as many things might bring about a change, particularly if there is ample snow covering during the winter months, or later, timely rains in the spring.

However, extraordinarily cold weather in Europe suggests that the large crops of last year may be followed by poorer yields, so that all in all, even with the tremendous stocks of wheat on hand, the outlook appears better for the distant future. There is one factor, however, which cannot be ignored, and that is, we are experiencing a minimum of speculation, so if pressure from the Argentine increases materially during January and February, there might not be the buying power here to absorb the additional load; therefore, the element of time is quite important.

Liverpool prices closed fractionally higher, advances ranging from 3/8 to 5/8¢ a bu. According to advices from Liverpool, Broomhall tells us, very little attention was paid to the American crop report, because while it was regarded as bullish, it had already been partly discounted. It was somewhat encouraging to see additional moisture over parts of the Southwest and while it did not bring complete relief to all sections, the rains and snows were widespread, and have certainly been very beneficial.

Actual weekly clearances from the United States are rather small, having been only 550,000 bu the past week, and the total since July 1st is 39 million bu; however, there must be quite a bit of wheat sold that has not yet been shipped, as the FSCC has recently intimated that total sales of about 70 million bu had been made, and we presume their figure includes a small quantity of Canadian wheat that went through the United States in transit, having been milled in this country.

The situation in Canada is not quite so hopeful, with a very much smaller population, and total wheat and flour clearances since August 1st are less than 77 million bu. Shipments for the last two weeks have been comparatively small. Allowing for 100 million bu to be used at home for various purposes, there is still a balance for export and carryover of 195 million bu, while last year there were only 71 million bu. The visible supply in that country is 110 million bu larger than a year ago, and with competition starting soon from the Southern Hemisphere, it would seem to us that more aggressive measures should be used to get wheat out of the country. Up to the present time, Europe has taken about 27 million bu more than for the previous year, while ex-European nations have taken six million bu more, and at the moment, purchases are simply from hand-to-mouth, except for the large quantity which this country recently sold to British mills, but apparently that contract was spread over a period of several months, insofar as deliveries are concerned.

Primary receipts amounted to 600,000 bu versus 544,000 bu last week, and 456,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total increase of 289,000 bu.

There was not a great deal of feature to the market except that sentiment seems to be more bullish, but new buying is not of an aggressive character. At the last May wheat showed an advance of 1/2¢ per bu. Trade in December wheat terminated today without undue excitement. This future, however, was firm compared with other months.

Corn was some somewhat lower, but volume of trade also light. Primary receipts continue small considering the size of the crop. However, this is to be expected on account of the government loan, which will tie up a large volume on farms. It is thought that some of the accumulations at terminals which are owned by the government may be sold for export, but we do not believe that this should have a depressing influence upon the price.

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CHICAGO MERCANTILE EX.

CHICAGO Dec. 23, 1938.

A more friendly sentiment has been built up in the grain market; of course, the low price level prevailing has given encouragement, but if we are to have any major swing it would logically be on the up side. Our government has made great efforts to export wheat, and so far their program has accomplished what the officials had set forth to do. This morning for instance, it was announced that approximately 2 million bu of domestic wheat were sold for export, although the officials declined to reveal the amounts paid for the wheat, but intimated that the majority of the grain would be shipped to Continental Europe. They further stated that these exports were above the normal quantities ordinarily taken.

There was a fair amount of encouragement fromEurope, with Liverpool prices advancing 3/4 to 1¢ per bu; and the fact that China took three cargoes of Australian wheat together with pre-holiday covering attributed to the strength. Up to the present time pressure from the Southern Hemisphere has not been important. Australian shipments this week are 1 1/2 million bu compared with 2 1/4 million bu last year. Argentina put 922,000 bu afloat, while for the corresponding period of 1937 nearly 2 million bu were shipped, with the crop so much smaller.

It is not easy to understand why such great indifference exists in Argentina in relation to their selling program. We have written to the Department of Commerce at Washington to find out how their exchange profits are determined to see if this would give us a clue to the wheat situation. Previously there had been a profit of one point between buying and selling of the exchange, and this roughly amounted to about $20 million annually. At the present time they have increased the exchange profits to 2 points, which, if trade keeps up at the normal rate, would yield $40 million per year. According to the American Consulate General at Buenos Aires, it has been estimated that grain shippers under the wheat program of subsidy incur a loss to the government of about $28 million. Since that time the estimate of the crop has been increased; likewise, a larger surplus is available for export --roughly 215 million bu; so that if the government would sustain a loss of 15¢ per bu it would amount to $32 million. In addition to the fixed minimum price for wheat, they also are taking care of the linseed farmers. While we do not know the exact circumstances surrounding this cereal, we presume that the total loss might amount to about $40 million; but even if this occurred it would be made up through exchange profits. This being the case, it may explain why they are perfectly willing to cooperate to some extent with other exporting nations, and not pressing wheat too heavily upon the world markets.

In spite of the reported sale from the United States, Winnipeg was very strong, and this was attributed to covering of over one million bu, which was taken out of that pit by spreaders and exporters, with the greatest strength in December wheat, which in turn affected other months.

European temperatures have moderated considerably, and possibly navigation on the Danube will reopen shortly, which will permit a continuation of exports. There are still good supplies of wheat in store at Black sea ports, and even during the past week clearances were in excess of 2 million bu compared with a slightly smaller figure last week, and only 728,000 bu a year ago.

More attention is being paid to weather conditions in our Southwest, where the crop had gotten off to a rather poor start. The December first condition, as given us by the government, was 72 per cent of normal versus a 10-year average of 80 per cent; this may have largely been due to the very dry condition during the month of October. November , we believe, showed some improvement, and according to a United States Weather Bureau report, average precipitation for the

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State of Oklahoma last month was 2.21 inches, or nearly 1/4 inch more than the 47-year November average. However, the marked deficiency for the previous period has probably caused some apprehension, and it will undoubtedly take additional snows if improvement is to take place.

Primary receipts today were 517,000 bu versus 680,000 bu last week, and 425,000 bu last year. So far this week Kansas City, Minneapolis, and Duluth stocks show a total increase of 721,000 bu. It is not likely that the visible, under these circumstances, will shrink much on Monday; a year ago there was a decrease of 1,591,000 bu.

There was some short covering of wheat here, undoubtedly due to the better tone in foreign markets, as well as to the report of a fresh sale to Europe. At the last May wheat showed an advance of 3/8¢ per bu. July wheat remains at a slight discount, although it may finally go to a premium if we have a good-sized carryover.

Corn was firm; nothing was heard of export demand, but the inherent situation remains sound. The torrid heat in Argentina is claimed to have done some damage to the crop in that country, and rain is rather urgently needed.

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CHICAGO MERCANTILE EX.

CHICAGO December 27, 1938.

According to the Bureau of Agricultural Economics world wheat production will be about 4,448 million bu exclusive of Soviet Russia and China for the current crop year. This is an increase of about 65 million bu over the month of November, and is 630 million bu greater than the 1937-38 world harvest. The improvement came about largely due to the larger outturn in the Argentine, and suggests that we shall have the heaviest supplies on record. The trade, however, seems to feel that this is already discounted to a large extent because of the low price level prevailing, and eyes are already turned toward next year's winter wheat crop as to the future trend of prices. The same authority as just quoted, estimates that the abandonment for the sown winter wheat acreage willbe above average, and may amount to between 20 to 25 per cent. The long-time average is considerably smaller than this figure, being only about 12 per cent, although there have been a number of years recently when winter killing was quite heavy; in 1934, for instance it ran as high as 29 per cent; in 1933, 22 per cent; and in 1932, 31.9. So while there is a good deal of guess work at this time it does hinge largely upon whether or not the crop has gotten off to a poor start, and also the moisture condition during the winter months.

There is no doubt but that a large territory in the Southwest is dry at the moment, and with just a nominal amount of snow covering, low temperatures may be doing some harm, although nobody can tell accurately just how serious the picture is, and we shall have to wait until growing weather sets in before we can gauge the situation more clearly. If this were a normal year, and if Argentina were selling heavily at this time we might temporarily forget adverse weather conditions in the Southwest, but just now there seems to be very little pressure upon world markets. Even with Liverpool celebrating the Christmas holiday, it is figured that very likely they will come with higher quotations tomorrow, as a result of what is occurring now.

Furthermore, there is another factor in the situation that is somewhat unusual: namely, that quite a fair proportion of the wheat is being withheld from the regular marketing channels. Over 61 million bu have been pledged for government loans to December 20th, and farmers have until the end of the month if they want to engage in further borrowings. Of this quantity, 19 million bu is stored on farms, while 42 million bu is in country and terminal warehouses. Should the price at the end of the season be below the government loan value, it is quite likely that the government will finally become the owner of this wheat, and nobody knows yet what disposition they will make of it. They may also accumulate a further quantity under the crop insurance plan; so if we carry over next July in the neighborhood of 280 million bu it may be that 80 million bu of this quantity will not be on the open market. And to that extent it may have a bearing upon the price level.

World shipments this week showed some improvement, and amounted to 9,234,000 bu. This was slightly smaller than a year ago, but compares with 7,233,000 bu last week. It seems that the larger amounts shipped from North America were greatly responsible for the increase.

When our market opened prices were firm; in addition to the cold spell that had developed there were some futures bought that appeared to be against cash sales to the FSCC, which was further evidence that the recent large sale to the British millers is having an influence here, as from time to time hedges are bought in to take care of government requirements in connection with that transaction.

Winnipeg prices have been following us rather reluctantly, and apparently for a good reason, as their export shipments have not been particularly large considering the size of the crop; furthermore, country deliveries up to the present time have been in excess of 250 million bu compared with only 96 million bu the previous

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season. It is true, all of the wheat may not be hedged, but still a good part of it probably is and should be available for European requirements. Unless they become more aggressive we are afraid that they will end up with burdensome supplies, particularly as the Southern Hemisphere will also want to put its wheat on the market; and even though they have been slow in getting started we feel certain that Argentina will be a big factor during the months of January and February.

When the visible supply figure was posted today it showed a decrease of 1,054,000 bu; total in various positions is 116,622,000 bu, or in the neighborhood of 26 million bu more than was on hand a year ago. Chicago stocks declined, the shrinkage amounting to 502,000 bu, and there is still 10,632,000 bu locally held. Primary receipts were 625,000 bu versus 449,000 bu last week, and 395,000 bu last year.

In spite of the firmness the market was rather dull, and the full advance was not maintained, although May wheat closed 1/2¢ per bu higher than before the holiday.

The action of the corn market was somewhat disappointing considering the cold weather in this country, which will mean more feeding, also strength in the Argentine, where moisture is badly needed. However, it may take time before this cereal comes into its own. Meanwhile receipts are light, and terminal markets will undoubtedly be called upon later to furnish corn for commercial purposes.

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CHICAGO MERCANTILE EX.

CHICAGO December 28, 1938.

Next month a rather important conference will be held in London by many nations interested in wheat production to try to settle differences which have arisen. We believe when the various delegates assemble they will be in a different frame of mind than when the last parley took place, because at that time nothing much was accomplished. In the meanwhile, most of the large exporting countries have resorted to various types of subsidy. This, as we know, was done in order to afford a better export channel for surplus wheat. Here in the U.S. this subsidy is chargeable against general taxes and does not fall on wheat eaters, as such. The same is virtually true in Canada, although their plan is somewhat different from ours in operation. The government pays a certain minimum price for grain at Fort William, or Port Arthur, and after it has obtained ownership of this grain, it is sold at the world price, which, at present, is very low. This does not mean that European consumers benefit directly, but rather the treasuries of European governments through tariffs, etc. In Australia the domestic price is very much above the export level, and presumably there will be two prices in Argentina, also, although in the latter country whatever deficits are incurred through selling may be made up by exchange profits. Rumania, which is also in about the same category, is charging its own people 81¢ a bu for wheat, while it has sold in Liverpool, with all delivery charges included, at about 50¢ a bu. Last September Uraguay joined the ranks of subsidizing exports with respect to its surplus, although it limited the subsidy to about 17¢ a bu. It is perfectly true that the full effect of the low export prices is not being felt on consumption, as so many European countries have assessed high tariffs, and for that reason, it has not encouraged wider use of either food or feed. World shipments have not increased very appreciably, due to the low level of prices which has prevailed, but what has actually happened is that exporting nations have incurred deficits, which may reach $125 to $150 million, and a good many of them may not be in the frame of mind for wanting to continue these indefinitely.

In view of all this, it may be the consensus that something is wrong with policies and methods, and inasmuch as the wheat industry is one of tremendous importance to so many nations, we feel that great efforts will be made to work out some economic trade problems. This is apparently in the mind of the Argentine government, as they are not offering heavily at the moment, and probably do not want to disturb price relationships abroad so that other exporters will increase subsidies , and finally create a disaster for all concerned. It is our thought, however, that having raised such a large crop, it is imperative that an outlet be found for a good part of this year's surplus, and we still feel that aggressive selling is bound to take place from that country before long. However, until that comes, Europe cannot be too independent, and Liverpool closed 7/8 to 1 5/8¢ per bu higher, following advances which had taken place here during the past few sessions. They were also influenced by the continuation of dry weather in India, which suggests a poor crop this coming season.

Colder weather in America was also a factor, but as we look at Liverpool prices, with new May wheat selling at only 63 3/4¢, we figure they have a long way to go before lending real encouragement for bullish operations. There was some business overnight in Australian wheat to the United Kingdom, but not much heard of in other directions, with demand both here and at Winnipeg extremely dull.

Primary receipts today were extremely light at only 239,000 bu versus 501,000 last week, and 304,000 last year. So far this week stocks at Kansas City and Minneapolis show a net increase of 36,000 bu.

With no pressure upon our market, even without export business, there was a slight advance, May wheat finally closing 1/2¢ per bu higher.

Corn was firm, and news was mostly of a constructive nature. Exports last month showed a large increase, amounting to over 6 million bu against 1,713,000 bu for November of 1937. Continued hot, dry weather in the Argentine is also causing apprehension for the crop, and there are complaints of deterioration from some sections. Unless rain occurs soon there will be increasing damage reports. The primary run remains light, and later on if shipments from terminals increase, as we think they will, this cereal should do better.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO Dec. 29, 1938.

The more optimistic feeling of industrialists and firmness in the securities market has undoubtedly brought in some additional investment buying of wheat. We know from inquiries that come to us asking for our opinion that a great many people are thinking of the possibilities for making purchases because of the comparatively low level that now prevails. The fact also that the winter wheat crop has gotten off to a poor start, with some complaints also that the condition has deteriorated since December 1st, with the sown area about 10 million acres smaller than last year, suggests that next year we may expect a higher price level, even granting that world stocks at the moment are extremely large.

The one mystery which the trade generally is at a loss to explain is the action of the Argentine Grain Board, which apparently is making no attempt to sell new crop wheat on the international market. Having obtained good yields on a very large acreage, one would imagine that there would have been some aggressive selling, as they have an extremely large surplus. The fact that the FSCC has recently sold 25 million bu of wheat to British millers is bound to take that amount of business away from other exporters; but on the other hand, it may be felt that with the substantially large amounts sold from this country that the export program must be largely completed for the season. As a result of this it will not be necessary for the United States to force many more sales on other markets. This would give Argentina a freer market as far as our competition is concerned, but would not lessen sales from other exporting countries.

Despite the poor outturn in Australia, they have a very fair surplus, and in the opinion of the Commonwealth statistician, production will probably reach 145 million bu. A suggestion has been made by Broomhall that the Argentine Board might be anticipating a good demand from the totalitarian countries, Italy and Germany, through the customary "clearing" agreements, and that this demand, together with sales to neighboring ex-European nations, will account for a large part of the surplus available. Another theory expressed is that the officials in that country do not wish to antagonize competitive countries by depressing the international price level before the London Wheat Conference takes place.

Nobody can tell to what extent Germany and Italy may require imports during the season. It seems probable that the Italian wheat crop of 1938 was over-estimated, and very likely good quantities of wheat may be taken from the Danube, as well as from Argentina, during the early months of 1939. It was reported some time ago that Italy had purchased 350,000 tons of Danubian wheat, but it transpires now that new trading agreements were concluded between Rumania and Italy, under which Italy had the right to purchase a certain quantity between now and May 31. However, like many of these "clearing" agreements which Rumania signs, the importers have the right to take a maximum quantity of a certain description, but the right is not always exercised. In other words, the wheat has not actually been sold.

In spite of all this theorizing, we believe that with roughly 215 million bu of surplus wheat in Argentina that a good portion of it will have to be sold through the usual export channels, and when this occurs it may bring about a changed condition for Continental and British markets.

Liverpool was fairly firm, closing prices showing advances of 1/4 to 1 1/4¢ per bu. There had been a rumor early that Argentina was contemplating reducing the minimum price for wheat, but their Grain Board denied any such intention. We believe if there is a change in policy in that country it will simply be that the subsidy is increased in order to encourage exports, but the minimum price will probably stand.

(O V E R)

Shipments this week from the Black sea were fairly heavy at 2 1/2 million bu, but nothing fromRussia. The one country which still has plenty of wheat left is Canada; total stocks in that country, exclusive of what is held in farmers' hands, must be nearly 170 million bu, and this figure is 111 million bu in excess of what was on hand a year ago. In view of the heavy marketings to-date, it is not thought that more than 31 million bu will still come forward from farms, as about 42 1/2 million bu are always used for seed, feed, and country mills. Up to the present time, starting with August 1st, wheat and flour imports into the U.K. are 10 3/4 million bu larger than for the previous season, and at the moment buying is simply on a hand-to-mouth basis.

Primary receipts today were extremely light --247,000 bu; this was often the case during the latter part of December; last week they amounted to 600,000 bu. So far this week Kansas City and Minneapolis stocks show a net increase of 69,000 bu.

The wheat market opened firm, and remained so during most of the session. With no pressure to sell, and support from time to time as hedges are removed because of sales to the FSCC, it takes but little buying to bring about advances. May wheat closed 5/8¢ per bu higher than the previous session.

Corn was also firm. Primary receipts were only 346,000 bu compared with 1,156,000 bu a year ago. Domestically, we see little change except for the better, as there are no burdensome stocks being built up. Furthermore, weather in the Argentine continues hot and dry, and temperatures since the middle of the month ruled exceptionally high. There is bound to be considerable abandonment unless rain occurs soon. Prices in that country have advanced sharply to a point where they are out of line for export. Total quantities of corn on passage to Europe are only 23 million bu versus 33 million bu in 1937, and we would not be surprised to see some improvement soon in export demand from the United States.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO Dec. 30, 1938.

This will be our last market letter of the year, and, therefore, we take the occasion of wishing you all a Very Happy New Year. We also hope that the more optimistic feeling that prevails at the present time will continue during 1939.

In our closing letter a year ago, our departed senior voiced some optimistic forecasts which we believe were borne out. He called attention to a great many bright spots in the situation as giving proof that better times were ahead. He called attention to the sound banking situation, and also to the fact that there had been no new unseasoned floatations which might have to be liquidated. He further stated that there had been no recent real estate boom; population since 1929 increased probably to the extent of 6 to 7 million, with only small additions to domestic homes, and considering that many buildings became obsolete and were destroyed by fire, there was plenty of room for activity in that direction. Furthermore, he stated that it should never be forgotten that our natural resources, developed and undeveloped, in this country are of such gigantic size, our spirit of enterprise is still with us, our laboratories and our inventive genius are busy trying to make new discoveries, which, if successful, will set people to work.

As we look back upon the 12-month period, we see that many of these prophecies have found fulfillment; and in looking ahead there seems to be no great change indicated unless unsettled conditions in Europe reach a breaking point.

As far as the wheat situation is concerned, prices are lower than they were a year ago, but on the whole the farmer has prospered pretty well, and large crops generally mean prosperity for the country. When surpluses exist there is business for the railroads, the steamship companies and the various handlers of grain. It is true, prices at the moment are not particularly encouraging, but this has been occasioned not only by events in our country, but because of the fact that Europe raised about 200 million bu more than normally; besides that there was a good crop in Canada, and probably a banner yield for the Argentine. The greatest hope for the future depends upon our capacity for undoing those things which have brought about the wheat depression. If we can correct the under-consumption in Europe and work out a solution whereby some of the poverty stricken nations can take our grain, it would help greatly in reducing the burdensome world surplus.

When the delegates convene for the London Conference on January 10th they have a great opportunity for trying to bring about cooperation. Because of adverse financial conditions abroad, it seems that imports are curtailed; but we regard it as highly likely that any change must be for the better. With the added population in Europe, under ordinary circumstances, there should be an increase in the consumption of bread, which, of course, would help materially.

The immediate outlook depends to some extent upon the tactics of the Argentine Wheat Board. While they have been extremely hesitant about forcing their supplies upon international markets, one might almost conclude that having such a large surplus to sell they might also become nervous as time goes on; therefore, the delay, which has been responsible for imparting strength to world markets, might still bring about temporary depressions, when pressure from that source increases. In addition to that, we must face weather conditions at home --dryness and coldness have been unsatisfactory for the wheat plant during the past week. Some apprehension already exists that deterioration might have increased in the West and Southwest. The plant was below normal for the season of the year even before the cold wave set in. The outlook west of the Mississippi River where the acreage is the largest was reported generally unfavorable, even in the December 1st government report. East of the River it seems to be about average; therefore, the question of moisture from this time onward will be carefully watched, and while we do not give up the crop

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as lost this early in the season, we admit that better than the average amount of snow or rain becomes necessary if we are to have good results.

The farmer is not selling heavily at this time, and the primary movement today was rather small, amounting to 353,000 bu versus 517,000 bu last week, and 432,000 bu last year. So far this week Kansas City, Duluth and Minneapolis stocks show a net increase of 129,000 bu. Even with the light movement, we do not look for a very large decrease in the visible supply next Tuesday. A year ago the decrease was 3,769,000 bu. The volume of trade is small. Fluctuations were unimportant, but after seven days of advances, there was apparently some hesitancy, and May wheat closed 5/8¢ per bu lower.

Corn was also weaker in spite of continued dry weather and high temperatures in the Argentine. The Buenos Aires market eased due to a forecast of possible rain over the week-end and this may have had some influence here. However, the primary movement is extremely small --449,000 bu, which is about half of what it was a week ago, and compares with 1,253,000 bu last year. There is definitely no likelihood of heavier bookings from the country, unless the price should advance to a level where the farmer would be induced to pay off his loan and market his grain.

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